

**economic analysis
of north american
ski areas
1985-86 season**



Business Research Division
Graduate School of Business Administration
University of Colorado
Boulder, Colorado





ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
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Price Per Copy - \$55.00

Additional copies may be ordered from:

Business Research Division
Campus Box 420
University of Colorado
Boulder, Colorado 80309

ISBN: 0 - 89478 - 096 - 4

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Graduate School of Business Administration
University of Colorado
Boulder, Colorado 80309

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS 1985-86

EXECUTIVE SUMMARY

This 1985-86 survey is the eighteenth economic report to the ski industry. The data represent ski areas possessing 51 percent of the ski area capacity of the nation (see Table 2). Measured another way, by skier visits, the respondents to this survey reported total skier visits of 27.0 million compared with the 1985-86 NSAA End of Season National Business Survey estimated total of 51.9 million skier visits for the nation. This means the respondents to this survey received 52 percent of the skier visits in the nation in 1985-86. If the balance of the areas had similar experiences the ski industry processed gross revenues of \$1.6 billion and provided payrolls of \$335 million.

This report follows the format of the previous reports to increase comparability and standardize measurements.

Response

The 1985-86 survey is based on complete and detailed financial data from 124 ski areas, a 6 percent increase from the 1984-85 study.

Profitability

The ski industry recorded an average 5.2 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, down from the 7.1 percent in 1984-85, and the 7.7 percent in 1983-84. Seventy percent of the respondents reported operating profits which is less than the 77 percent in 1984-85. The average before tax profit was \$105,000, down from the average before tax profit of \$296,103 recorded in 1984-85.

Utilization

Utilization was down to 34.4 percent from 36.9 percent in 1984-85. Equivalent days/nights of operation were up by a day to 129 from 128 in 1984-85, but below the 133 recorded in 1983-84.

Revenue

Average revenue per skier visit increased 10.0 percent to \$18.71. Average total revenue from Table 26 was up 4.3 percent to \$4,405,000.

Average adult weekend day ski lift ticket prices were up 9.0 percent to \$20.37.

Expenses

Cash operating costs averaged \$4.99 per skier capacity per equivalent operating day/night. This critical measure is up 3.5 percent from the \$4.82 of 1984-85 and is also above the \$4.18 of 1983-84. Direct operating expenses were up 13 percent. Insurance costs outpaced all other cost increases with a 79 percent increase. Liability insurance cost went up over 137 percent.

Highlights At a Glance

	1985-86 Respondents (000)	By Profitability		
		Top Half (000)	Bottom Half (000)	Loss (000)
Gross Fixed Assets	\$10,488	\$11,735	\$8,708	\$11,154
Total Gross Revenue	6,780	9,489	4,617	6,205
Less: Operating Expenses	<u>6,230</u>	<u>7,853</u>	<u>4,207</u>	<u>6,748</u>
Operating Profit (Loss)	550	1,636	410	(543)
Less: Interest	<u>445</u>	<u>444</u>	<u>315</u>	<u>601</u>
Profit (Loss) Before Tax	\$ 105	\$ 1,192	\$ 95	\$ (1,144)
Number of Respondents	(124)	(43)	(44)	(37)

Summary

While skier visits rose nationally to a record level of 51.9 million in the 1985-86 season the economic performance was not quite as good. The 1985-86 ski season economic performance can best be described as a mediocre one. It was the best for the East which pulled industry averages up. Seventy percent of the respondents reported operating profits, average area profits were below 1984-85, utilization was up, revenue was up, and the average revenue per ski visit increased. However, operating expenses were up substantially and operating profit on GFA (5.2 percent) was down in comparison with the 1984-85 season.

The New England, Eastern and Midwest areas experienced increased revenues and profits over 1984-85. Revenues for the Northern Rockies were down and loss before tax was higher than last year. The Central Rockies, California/Nevada and Pacific Northwest areas had increased revenues that were more than offset by increased costs, so profits declined.

THE SKI AREA DOLLAR

Table A and the following pie charts illustrate the sources and uses of the ski area customer's dollar for the 1985-86 season.

TABLE A
THE SKI AREA DOLLAR

	1985-86 Season	1984-85 Season	1983-84 Season	1982-83 Season	1981-82 Season
<u>What It Buys</u>					
Ski Lift Tickets	\$0.516	\$0.51	\$0.51	\$0.57	\$0.54
Ski Lessons	.057	.06	.06	.06	.05
Food and Beverages	.113	.11	.10	.10	.10
Ski Equipment and Clothing	.039	.04	.04	.03	.03
Rental of Equipment	.035	.03	.03	.03	.03
Miscellaneous (Winter)	.056	.05	.04	.05	.05
Summer Services ^a	.071	.08	.09	.08	.09
Real Estate	.113	.12	.13	.08	.11
	<u>\$1.000</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
<u>What It Pays For</u>					
Labor (Payrolls) ^b	\$0.242	\$0.24	\$0.24	\$0.26	\$0.25
Utilities, Supplies, Maintenance, etc. ^c	.185	.17	.17	.18	.18
Cost of Goods Sold	.149	.13	.14	.10	.09
General and Administrative	.109	.11	.11	.13	.09
Depreciation	.103	.11	.11	.11	.09
Interest	.066	.06	.07	.07	.06
Advertising/Marketing	.051	.05	.04	.05	.04
Insurance	.042	.03	.02	.03	.02
Land Use Fees	.017	.02	.02	.02	.02
Property and Other Taxes	.018	.02	.02	.03	.02
Miscellaneous	.010	.02	-	-	-
Income Taxes (50%)	.004	.02	.03	.01	.07
Profit (50%)	.004	.02	.03	.01	.07
	<u>\$1.000</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>

^aIncludes summer season plus utility department and miscellaneous.

^bIncludes direct labor, snowmaking labor and payroll taxes.

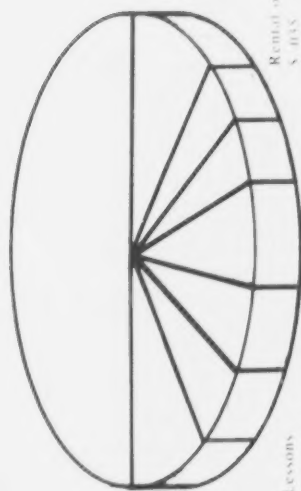
^cIncludes other direct property operations, snow removal, and snowmaking—power, maintenance, other.

THE SKI AREA DOLLAR

1985-86

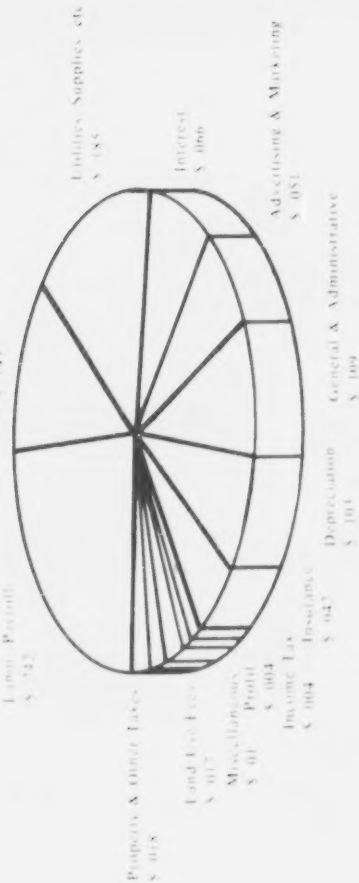
What It Buys

Ski Lift Tickets
\$.516



What It Pays For

Cost of Goods Sold
\$.149



COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION Cal Conniff, President

The 1985-86 season started out with a bang in all regions of the country. Pre-season ski shop sales were excellent, a good barometer for the season ahead. Snowfall and snowmaking temperatures were good, and early season business at the ski areas was especially strong. We were on our way toward a real "vintage year" if it all held together. Unfortunately, such was not to be the case. It warmed up in mid-January in the Far West and for most resort operators in that region it really never got back to normal the remainder of the season. Snowfall in the Rockies was also below normal. According to the NSAA End of Season Business Survey, skier days were down 4.3 percent in the Rocky Mountain region, and 13.7 percent in the Far West. This drop in business was offset by increases of 16 percent in the Northeast, 19 percent in the Southeast, and 4.4 percent in the Midwest. It is interesting to note that if the early season conditions had held in all regions throughout the winter, it would have been an unprecedented record-breaking season. As it was, the 1985-86 season went on the books as the best season in the history of the ski business. Skier visits rose for the third year in a row and reached a record high of 51.9 million compared to 51.4 million in 1984-85—small but significant gain considering the forces of nature that worked against us.

To help assure future growth, it is obviously in the best interest of everyone in the business to be doing everything possible to attract new people to the sport. Learn-to-ski programs at a very attractive price with extra special attention paid to beginners is a must if we are to broaden the skier market base. I'm convinced this can be done, if everyone gets involved.

VERMONT

George Donovan, Chief of Research, Division of Research and Statistics, Agency of Development and Community Affairs, Montpelier, Vermont.

Abundant snowfall and cold temperatures through mid-March combined to set a season record for skier-days at Vermont ski areas. Over 100,000 skiers were on the slopes Saturday, January 18. February set a record monthly total for the third consecutive year with an estimated 1.25 million skier-days. The total number of alpine skier-days is estimated at 4.46 million, some 16 percent over the previous season and 7 percent more than the record season two years ago. Out-of-staters spent about \$62.20 per day, stayed an average of 3.8 days, and averaged 3 persons per trip.

The following table details attendance and expenditures.

Season	Estimated Annual Skier Expenditures	Estimated Skier-Days	Average Expend. per Skier-Day
1976-77	\$ 80,000,000	3,000,000	\$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
1983-84	230,000,000	4,150,000	55.50
Vermonters	16,000,000	850,000	19.00
Out-of-Staters	214,000,000	3,300,000	64.50
1984-85	217,000,000	3,850,000	56.50
Vermonters	17,000,000	850,000	20.00
Out-of-Staters	200,000,000	3,000,000	66.50
1985-86	250,000,000	4,460,000	56.00
Vermonters	15,000,000	710,000	20.00
Out-of-Staters	235,000,000	3,750,000	62.20

SOUTHEASTERN SKI AREAS ASSOCIATION

Reba S. Moretz, Secretary/Treasurer

During the 1985-86 season the Southeastern Ski Areas experienced a 10 percent to 60 percent increase in skier visits over the 1984-85 season. Several areas reported having the best year ever.

There was good snowmaking weather during December that enabled many areas to have most, if not all, slopes and trails open for the Christmas holiday period.

All areas reported very good skiing conditions and very good crowds during the holidays. Some area operators, however, felt that the poor snow conditions during the two previous holiday seasons had an adverse effect on many people and even though business was good it was not in keeping with the outstanding conditions which prevailed.

Good consistent weather throughout January helped to account for strong business and a good turnout of skiers. Some areas reported the best January on record. This could partially be attributed to the lack of weather extremes such as sub-zero temperatures, heavy snow, sleet, rain or warm weather.

February was generally good but rain caused slower periods for everyone at varied times during the month.

Most areas had greatly reduced skier visits during March despite plenty of snow and good ski weather. Only areas in West Virginia remained open until the end of March. Areas further South which would have stayed open had rain in mid-March which made recovery impossible.

During the entire season all areas except West Virginia received very little natural snow but enjoyed an above average amount of snowmaking weather.

Most Southeastern ski areas consider 1985-86 an outstanding, if not a record-breaking, year.

MIDWEST SKI AREAS ASSOCIATION

Stuart Campbell, President

For the first time in recent memory, the Upper Midwest region received a substantial snowfall in mid-November which lasted until spring. Add to that blessing milder than usual temperatures, and one would imagine the best of all possible seasons, right? Well, unfortunately the temperature roller coaster limited the outcome of this possibly better-than-average winter season. Bitter cold hampered activity early in the Christmas holiday period for the northern part of the region and January brought Florida-like weather which all but did in the ski areas in the southern tier.

Overall, however, the season received mixed reviews. Some resort ski areas reported near-record results while others seemed to suffer at their expense. The larger metropolitan areas reported that the skier turnout was good to excellent and many noted that day-to-day attendance seemed to have leveled out, the peaks and valleys in skier visits having disappeared. The southern tier region suffered from the warm spell in January where evening temperatures remained in the 50 to 60 degree range. On the whole, the Midwest had the best winter season of the 1980s and many areas continue to expand and upgrade their facilities.

COLORADO SKI COUNTY USA

John Lay, President

For the fourth consecutive year, Colorado ski resorts set another record with 9.1 million lift tickets issued during the 1985-86 season. Pre-season forecasts had put the number slightly higher. However, resort closure rumors, a somewhat shortened season due to a late Thanksgiving and an early Easter, and a fear of avalanches during the month of February, put the rate of growth at 1 percent.

The 1986-87 season will be marked by improved on and off-mountain transportation systems. Colorado will count four high-speed gondolas and 16 "Super Chairs," or high-speed four-passenger chairs. Significant reductions in delays at Stapleton International Airport and along highways have improved the ski experience. Additionally, the increasing number of *direct* flights into ski resorts from major cities are expected to fuel another record year for the 1986-87 ski season.

As the largest ski state in the country, the Colorado ski industry accounts for almost 20 percent of the skier market and generates \$1.3 billion in retail sales, 44,500 jobs and \$132 million in taxes.

SKI UTAH

Danny Richardson, President

The 1985-86 ski season was a year of weather extremes, with very good early and late snow, sandwiched around a very wet and warm February. Despite skier days showing an increase of almost 15 percent at mid-season, the unfavorable conditions pulled the annual skier day counts down to a more closely predicted 3.5 percent increase over the previous season, at 2.52 million.

The successes of the 1985-86 ski season have primed the state for a bigger and better season in 1986-87, including the first World Cup races to ever open in America in Park City over Thanksgiving, and the first full year of the new state license plates that read "Ski Utah—The Greatest Snow on Earth!"

PACIFIC NORTHWEST SKI AREAS ASSOCIATION

Mei Borgersen, President

The 1985-86 ski season in Washington, Oregon and Western Idaho was fair to disappointing for most ski areas. Skier visits for the region were down 19.9 percent. Total lift revenues were down 13.5 percent and total days of operation were down 10.6 percent from the previous season.

The season started well with early and adequate snowcover for most ski areas. After mid-December, there were long periods without snow and periods with unseasonably high temperatures, which created snow shortages at lower elevations. The historic system of reporting snow depths at base area elevations only discouraged ski attendance, even when there were excellent ski conditions on higher elevation slopes. This will be changed next year.

As usual, the changes in skier visits differed from ski area to ski area and from state to state:

State	No. Areas Reporting	Skier Visits (000)		Change	
		1984-85	1985-86	Amount	Percent
Washington	8	1,457	1,197	- 260	-17.9%
Oregon	8	1,272	1,026	- 246	-19.4
Western Idaho	3	385	272	- 112	-29.3
	19	3,114	2,495	- 619	-19.9

The total skier visits for the 1985-86 season in Washington and Oregon were nearly the same as those for the 1982-83 and 1983-84 seasons. The 1984-85 season was exceptional for most ski areas.

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

In California and Nevada, the 1985-86 season, with a few notable exceptions, was "underwhelming." As usual, Mammoth Mountain led the region with approximately 1.4 million skier visits. Heavenly Valley and Kirkwood also registered solid gains.

However, strange weather and persnickety skiers combined to lower skier visits at other Sierra resorts. Southern California areas found it too warm to make snow and saw their season measured in days rather than months. Lake Tahoe resorts were off 10-20 percent due to too little snow in January and too many warm storms in February. Moreover, California skiers demonstrated greater selectivity, eschewing driving and skiing in marginal conditions.

Small areas required strong inner resources. Several closed early, one fell to creditors and one, June Mountain, was acquired by Mammoth Mountain.

To tackle the marketing issues head-on, the Sierra Ski Areas Association launched an aggressive "Ski the Californias" campaign with the State of California.

BRITISH COLUMBIA

George McKay, Coordinator of Ski Development, Province of British Columbia, Canada

The 1985-86 ski season was not as kind as the 1984-85 season due to less than average snow, several cold periods and an early spring bringing an abrupt end to the season. Skier visits reported by Canada West Ski Areas Association were down 14 percent but the major areas were down 12 percent.

The average season for this region was 143 days and utilization was calculated as 21 percent, the same as last year, reflecting the shorter season given the drop in skier visits.

Estimated lift revenues for 20 areas amounted to \$29,200,000 and gross revenues were \$48,000,000, both down 2 percent. Estimated average lift revenue per skier was up 15.8 percent and gross revenues per skier was also up to 12.5 percent. This suggests reduced discounting, higher prices and/or greater expenditures in total by skiers.

Proposed capital investment for the year is \$11,800,000, with major projects in the heliskiing and downhill areas.

Employment also continues to grow with 621 year-round staff, 2,528 full-time winter staff and 1,429 part-time winter staff reported for the Province in total.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1985-86 season, has followed the format of the previous reports for ease in comparison.

The 1985-86 ski season produced mixed results. Skier visits rose a modest amount to 51.9 million, a narrow margin over the record level of 51.4 million recorded in the 1984-85 season. Readers are urged to utilize the 1985-86 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 124 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309, or Dennis Harmon, Aspen Skiing Company, P.O. Box 1248, Aspen, Colorado 81612.

ACKNOWLEDGMENTS

This study would not have been possible without the help of many parties. Acknowledgment is made to the NSAA Economic Study Committee: Dennis Harmon, Aspen Skiing Company, Chairman; Bob Ashton, Waterville Valley; Curtis Bender, Colorado Mountain College; Mel Borgeresen, Pacific Northwest Ski Areas Association; David L. Carto, Snow Trails; Cathy Robbins, NSAA; Chris Diamond, Mount Snow; Rob Fernald, Sno-engineering; Marvin Kottke, University of Connecticut; Richard Lenke, Alpine Meadows of Tahoe; Ted Farwell, Ted Farwell and Associates; George McKay, British Columbia Ministry of Industry and Small Business Development; Barbara Noyes, Ski Roundtop; and Larry Schumaker, Winter Park, for their assistance with the development of the survey and its subsequent analysis. While all contributed, special mention goes to Cathy Robbins and Cal Conniff for handling administrative details.

A special tribute goes to Tom Buchman, Cindy Guernsey and Karen Duea for their efforts in preparing the report. Many thanks go to Nancy Cress, Gin Hayden, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 124 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner
Business Research Division

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INTRODUCTION

This economic analysis of the ski industry represents the eighteenth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth through the seventeenth studies covering the 1973-74 through 1984-85 seasons. Consequently, this report focusing on the 1985-86 season represents the eighteenth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1985-86 season.
2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.
3. To improve understanding of ski area economics.
4. To provide a historical perspective.
5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1986. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1985-86 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University of Colorado's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 124 areas furnishing complete data.

TABLE 1
GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
<u>New England</u>		<u>Central Rockies</u>	
Maine	1	Arizona	1
Massachusetts	4	Colorado	14
New Hampshire	7	New Mexico	4
Vermont	8		19
Quebec, Canada	3		
New Brunswick, Canada	1	<u>Northern Rockies</u>	
	24	Idaho	2
<u>East</u>		Montana	5
New York	7	Utah	3
North Carolina	3	Wyoming	1
Pennsylvania	5		11
Virginia	1		
West Virginia	1	<u>California and Nevada</u>	
Ontario, Canada	2	California	12
	19	Nevada	4
<u>Midwest</u>			16
Illinois	1		
Indiana	1	<u>Pacific Northwest</u>	
Iowa	1	Alaska	1
Kentucky	1	Alberta, Canada	2
Minnesota	1	British Columbia, Canada	7
Michigan	5	Oregon	5
Ohio	2	Washington	5
South Dakota	1		20
Wisconsin	2		
	15		

Usable responses were obtained from 124 ski areas. The 124 areas providing complete financial data represent an increase from the 1984-85 study, which included 117 ski areas. Table 2 compares the VTF/Hour of our respondents to the total VTF/hour of the regions.

TABLE 2
SAMPLE RESPONSE BY CAPACITY
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	329,343	158,282	48.1%
East	261,949	70,570	26.9
Midwest	141,684	31,586	22.3
Rockies	571,603	302,734	53.0
West	446,742	333,220	74.6
	1,751,321	896,392	51.2%

Table 3 provides a measure of the validity of the 1985-86 study response by comparing capacity represented with the 1984-85 responses. The 117 ski areas with complete financial data in the 1984-85 study reported 807,441,000 VTF/hour and represented some 49.3 percent of total. The 1985-86 response represents 896,392,000 VTF/hour, about 51 percent of total capacity.

TABLE 3
CHANGE IN EFFECTIVE RESPONSE
1985-86 VS. 1984-85
(000)

Region	1985-86 (VTF/Hour)	1984-85 (VTF/Hour)	Percent Change
New England	158,282	144,873	9.3%
East	70,570	69,650	1.3
Midwest	31,586	30,864	2.3
Rockies	302,734	302,839	0.0
West	333,220	259,215	28.5
	896,392	807,441	11.0%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 51.2 percent of the uphill skier capacity in the nation is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 124 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1985-86 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

VTF/Hour

The average ski area contained 7,228,963 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 4,497 skiers. Average VTF/hour was up slightly from the areas responding last year, which means there was a greater relative response from larger areas for this survey. Figures shown in Table 2 (page 3) were developed from the 25th Annual Survey of New Lifts (*Ski Area Management*, January 1986) and indicate a growth of 114,064,000 VTF/hour, an increase of 7.0 percent over the VTF/hour in 1984-85.

Table 5 contains a comparison with previous studies. Ski areas in the 1985-86 study varied in size from a low of 630,000 VTF/hour to a high of 40,206,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is \$10,488,000 representing an average cost of \$2,332 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of \$302,000 while the largest had \$85,054,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1985-86	1984-85	1983-84	1982-83	1981-82	USFS Permittees 1985-86
SIZE						
VTF/Hour (000)	7,229	6,901	6,973	6,207	6,159	9,255
Gross Fixed Assets (000)	\$10,488	\$9,848	\$9,103	\$7,706	\$6,740	\$12,862
Skiable Acres	630	595	582	557	-	996
Total Acres	1,637	1,652	-	-	-	2,113
LOCATION						
Within 50 Miles of SMSA	35%	37%	31%	32%	32%	27%
With 6+ Areas in 1 Hour	28%	32%	28%	29%	34%	25%
New England	19%	20%	18%	15%	17%	10%
East	15%	14%	16%	16%	13%	0%
Midwest	12%	13%	12%	13%	10%	6%
Rockies	24%	27%	29%	30%	33%	45%
West	29%	27%	26%	26%	27%	38%
SITE CHARACTERISTICS						
Number of Beds at Base ^a	1,892	1,277	1,336	1,203	1,170	2,826
Number of Beds (10 Miles) ^a	4,081	4,072	4,214	3,860	4,032	5,780
With Snowmaking	69%	72%	73%	68%	63%	54%
With a Night Operation	42%	41%	38%	38%	38%	23%
Terrain: Beginner	25%	25%	25%	26%	26%	23%
Intermediate	49%	49%	49%	49%	49%	48%
Expert	26%	26%	26%	25%	25%	29%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	52%	53%	49%	50%	53%	100%
Engaged in Land Development	43%	39%	34%	32%	37%	34%

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1985-86	1984-85	1983-84	1982-83	1981-82	USFS Permittees 1985-86
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	129	128	133	117	130	131
Average Peak Day Crowd	4,696	4,814	4,466	4,166	4,291	5,461
Average Skier Visits (000)	218	219	214	194	207	269
Average Age of Ski Areas	27 years	26 years	26 years	24 years	23 years	29 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	\$18.71	\$17.01	\$15.73	\$15.06	\$14.40	\$16.20
Average Lift Ticket Revenue/Skier Visit	\$15.68	\$14.45	\$13.61	\$12.90	\$12.46	\$18.63
Average Adult Lift Ticket Price:						
Weekend	\$20.37	\$18.68	\$17.55	\$16.43	\$15.60	\$20.22
Weekday	\$18.26	\$17.15	\$15.97	\$14.89	\$14.29	\$18.96
Average Night Ticket Price						
Weekend	\$11.46	\$10.74	\$ 9.62	\$ 9.01	\$ 8.42	\$10.50
Weekday	\$11.23	\$10.21	\$ 8.97	\$ 8.47	\$ 8.14	\$10.14
Average Adult Season Ticket Price	\$ 385	\$ 369	\$ 349	\$ 325	\$ 327	\$ 429
Average Utilization	34%	37%	35%	38%	40%	34%
Average Profit (Loss) Before Tax (000)	\$ 105	\$ 296	\$ 290	\$ 143	\$ 679	\$ (39)
Ratio: Revenue/GFA	42%	43%	43%	42%	53%	42%
Base	(124)	(117)	(113)	(118)	(115)	(65)

^aStarting in 1985-86, this is the average for the areas having beds.

TABLE 5
VTF/HOUR CAPACITY

VTF/Hour (000)	1985-86		1984-85		1983-84	
	Number of Areas	%	Number of Areas	%	Number of Areas	%
Under 2,500	29	23.4%	24	20.5%	27	23.9%
2,500 - 3,999	20	16.1	17	14.5	14	12.4
4,000 - 5,499	24	19.4	24	20.5	23	20.4
5,500 - 9,999	24	19.4	31	26.5	28	24.8
10,000 and Over	27	21.8	21	17.9	21	18.6
	124	100.1%	117	99.9%	113	100.1%

as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 630 acres of developed ski slopes and trails. Currently these 630 acres support crowds of 4,497 skiers, creating an average density of 7.1/acre. Ski areas in the Midwest accommodate skiers at the average density of 26.7/acre, and New England areas at 23.5/acre, while the Western areas vary from 3.2/acre to 7.5/acre. Table 6 summarizes this data.

This year, for the third time, the questionnaire contained a question about total ski area size. The average size is 1,637 acres, the smallest area contained 36 acres and the largest 14,080 acres. Last year the average size was 1,652 acres, the smallest area contained 70 acres and the largest 14,080 acres.

TABLE 6
SKI AREA ACREAGE AND CAPACITY

	Base	Average Skiable Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(124)	630	4,497	7.1
USFS Permittees	(65)	996	5,488	5.5
By Profitability				
Top Half	(43)	586	5,265	9.0
Bottom Half	(44)	771	4,178	5.4
Loss	(37)	513	3,985	7.8
By Geographic Region				
New England	(24)	187	4,397	23.5
East and Ontario	(19)	134	2,476	18.5
Midwest	(15)	79	2,106	26.7
Central Rockies	(19)	796	6,005	7.5
Northern Rockies	(11)	1,051	3,388	3.2
California and Nevada	(16)	1,372	7,785	5.7
Pacific Northwest	(20)	1,063	4,880	4.6
By Type				
Day	(64)	410	3,032	7.4
Weekend	(27)	630	4,969	7.9
Vacation	(33)	1,057	6,953	6.6
Snowmaking Areas				
New England	(23)	192	4,550	23.7
East and Midwest	(33)	112	2,331	20.8
West	(29)	1,050	6,320	6.0

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 7 shows the proportion of the sample areas by VTF/hour. For example 17.7 percent of the VTF/hour represented in the sample was located in New England.

TABLE 7
LOCATION OF SKI AREAS

Region	VTF/Hour (000)	%
New England	158,282	17.7%
East	70,570	7.9
Midwest	31,586	3.5
Rockies	302,734	33.8
West	333,220	37.2
	896,392	100.1%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

TABLE 8
PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample		Day	Weekend	Vacation
	Number	%	%	%	%
0 - 24 miles	19	15.3%	28.1%	0.0%	3.0%
25 - 49 miles	24	19.4	17.2	29.6	15.2
50 - 74 miles	23	18.5	21.9	14.8	15.2
75 - 99 miles	21	16.9	14.1	7.4	30.3
100+ miles	36	29.0	18.8	44.4	36.4
No response	1	0.8	-	3.7	-
	124	99.9%	100.1%	99.9%	100.1%

Note that 67 percent of the day areas are within commuting distance (75 miles) while a high proportion of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9
PROXIMITY OF COMPETITIVE AREAS

Number of Areas Within	Total Sample		Profitability		
			Top Profit	Bottom Profit	Loss
1 Hour Drive	Number	%	%	%	%
None	20	16.1%	14.3%	13.6%	27.0%
1	22	17.7	28.6	20.5	21.6
2 - 3	22	17.7	19.0	29.5	10.8
4 - 5	25	20.2	16.7	22.7	13.5
6+	35	28.2	21.4	13.6	27.0
	124	99.9%	100.0%	99.9%	99.9%

Previous studies have shown that the highest profitability tends to occur where the greatest clustering seems to create a more attractive package. However, recently the pattern has been very mixed with no advantage being shown by these areas.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 10 summarizes this data. The number of beds at the base ranged from 0 to 34,000.

TABLE 10
SKI AREA LODGING CAPACITY

Number of Beds	At Base		Within 10 Miles	
	Number	%	Number	%
None	48	38.7%	14	11.3%
1 - 149	15	12.1	8	6.5
150 - 299	17	13.7	8	6.5
300 - 599	11	8.9	20	16.1
600 - 1,199	11	8.9	16	12.9
1,200 - 9,999	18	14.5	41	33.1
10,000+	4	3.2	17	13.7
	124	100.0%	124	100.1%

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 69 percent of the respondent areas. For areas with snowmaking, the average coverage was 107 acres (up from 104 acres in 1984-85) and average operation was 974 hours in 1985-86, up from 972 hours last year.

Terrain

In general, 49 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 25 percent are beginner (easiest) and 26 percent expert (most difficult).

Business Characteristics

Site Ownership

Thirty-five percent of the areas responding are all on private land while 65 percent of the areas responding operate on public land. Fifty-two percent are under permit from the U.S. Forest Service, while 9 percent lease state land, and 5 percent other public land. The average USFS permittee reports 79.2 percent of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11
SITE OWNERSHIP

Ownership	Total Sample	New England	East	Midwest	Rockies	West
All Private	34.7%	41.7%	94.7%	73.3%	3.3%	8.3%
Public USFS Permit	51.6	29.2	0.0	20.0	96.7	66.7
State Land Lease	8.9	20.8	5.3	6.7	0.0	11.1
Canadian Lease	1.6	0.0	0.0	0.0	0.0	5.6
Other	3.2	8.3	0.0	0.0	0.0	8.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Base	(124)	(24)	(19)	(15)	(30)	(36)

Real Estate Operations

Fifty-three ski areas (43 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern areas than western areas report land development activity. See Table 12.

TABLE 12
REAL ESTATE OPERATIONS

	1985-86		1984-85	1983-84
	Number	%	%	%
Engaged in Land Development	53	42.7%	38.5%	33.6%
First Home Residential Sites	23	18.5	17.1	13.3
First Homes	11	8.9	7.7	8.0
Second Home Residential Sites	32	25.8	26.5	26.5
Second Homes	14	11.3	10.3	9.7
Condominium Sites	35	28.2	31.6	23.9
Condominiums	29	23.4	17.6	22.1
Commercial Sites	21	16.9	15.4	12.4
Commercial Buildings	11	8.9	9.4	10.6
Not Engaged in Land Development	71	57.3	61.5	66.4
Base	(124)		(117)	(113)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 27 years. Table 13 summarizes ski area age. Four new areas (3.2 percent) have opened within the last five years.

TABLE 13
NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

Years of Operation	1985-86		1984-85		1983-84	
	Number	%	Number	%	Number	%
1 - 5 years	4	3.2%	6	5.1%	7	6.2%
6 - 10 years	5	4.0	4	3.4	4	3.5
11 - 15 years	13	10.5	9	7.7	8	7.1
16 - 20 years	12	9.7	15	12.8	18	15.9
21 - 25 years	31	25.0	30	25.6	27	23.9
26 - 30 years	18	14.5	21	17.9	17	15.0
31 - 35 years	9	7.3	5	4.3	7	6.2
36 - 40 years	10	8.1	11	9.4	9	8.0
Over 40 years	22	17.7	16	13.7	16	14.2
	124	100.0%	117	99.9%	113	100.0%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 30 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation were adjusted by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (42 percent) report night skiing capacity at 54 percent of day capacity. Thus, while the average ski area with lights was open 68 nights, this amounts to only 37 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 101 percent of actual days open (129 days divided by 128 days).

TABLE 14
DAYS/NIGHTS OF OPERATION

	Equivalent 1985-86		Equivalent 1984-85		Equivalent 1983-84	
	Number	%	Number	%	Number	%
Less than 80	11	8.9%	15	12.8%	7	6.2%
80 - 99	14	11.3	11	9.4	11	9.7
100 - 119	25	20.2	22	18.8	21	18.6
120 - 139	29	23.4	25	21.4	29	25.7
140 - 159	24	19.4	23	19.7	21	18.6
160 and Over	21	16.9	21	17.9	24	21.2
Base	124	100.1%	117	100.0%	113	100.0%

Again, length of season is somewhat positively correlated with profitability as the top half of the profitable areas had a season, based on equivalent days, that was 9 percent greater than the loss areas. Pacific Northwest ski areas had the longest season, averaging 148 equivalent days/nights (down from last year's 159 days/nights), while the East and Ontario had the shortest, 113 days/nights. Four regions, New England, East and Ontario, Midwest, and California/Nevada, had increases in days/nights of operation, while the Central Rockies, Northern Rockies, and the Pacific Northwest areas showed decreases.

TABLE 15
ACTUAL VS. EQUIVALENT DAYS OF OPERATIONS

	Equivalent Days/Nights ^a of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open	Nights of Operation (54%)
Average Ski Area	129	88	26	14	128	28
USFS Permittees	131	101	27	9	137	17
Profitability:						
Top	134	79	32	20	132	35
Bottom	131	88	27	14	129	30
Loss	123	97	18	6	122	18
Location:						
New England	119	60	36	31	128	31
East and Ontario	113	51	30	21	102	52
Midwest	135	77	15	8	99	51
Central Rockies	126	106	26	5	136	0
Northern Rockies	129	115	11	1	127	10
California/Nevada	140	106	32	7	145	19
Pacific Northwest	148	117	23	12	152	27
Type:						
Day	129	78	27	13	117	39
Weekend	128	81	33	18	132	31
Vacation	132	113	20	12	145	6

^aThis figure is the sum of days, open at various capacities, plus nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. This assumption is similar to the past studies and is based on the observation that skiers demand different amounts of skiing based upon their ability level, and further that this demand varies from ski area to ski area and region to region. The demand used to approximate regional experience is:

<u>Geographic Region</u>	<u>Approximate Demand</u>
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West	1,500 VTF/hour

TABLE 16
MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd	Comfortable Crowd
				As % of Calculated Capacity	
Total Sample	4,696	4,463	4,497	104%	99%
USFS Permittees	5,461	5,350	5,488	100	97
Profitability:					
Top	6,075	5,702	5,265	115	108
Bottom	4,160	3,706	4,178	100	89
Loss	3,730	3,924	3,985	94	98
Location:					
New England	4,788	4,003	4,397	109	91
East	4,033	3,551	2,476	163	143
Midwest	2,290	2,072	2,106	109	98
Central Rockies	6,719	6,467	6,005	112	108
Northern Rockies	3,250	3,231	3,388	96	95
California/Nevada	6,580	6,944	7,785	85	89
Pacific Northwest	4,386	4,464	4,880	90	91
Type:					
Day	3,632	3,273	3,032	120	108
Weekend	4,767	5,168	4,969	96	104
Vacation	6,701	6,195	6,953	96	89

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 104 percent of calculated capacity. The ski area operators' estimated comfortable capacity is 99 percent of calculated capacity.

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17
SKIER VISITS/SEASON

Skier Visits (000)	1985-86		1984-85	1983-84	1982-83
	Number	%	%	%	%
0 - 24.9	5	4.0%	4.3%	6.2%	9.3%
25 - 49.9	14	11.3	6.8	9.7	9.3
50 - 99.9	25	20.2	19.7	19.5	21.2
100 - 199.9	39	31.5	35.9	29.2	28.0
200 - 499.9	31	25.0	23.9	26.5	22.9
500+	10	8.1	9.4	8.8	9.3
	124	100.1%	100.0%	99.9%	100.0%
Average Skier Visits (000)	218		219	214	194

Growth

The last nine surveys contain a measure of growth. For the tenth time, the respondents were asked for their skier visit count over the past five years. This year, for the fourth time, respondents were asked for a separate count of day and night skiers. The first part of Table 18 gives the total skier visits (both day and night) reported by the 124 respondents broken down by categories. The second part of the table gives day skier visits and the third part night skier visits for those areas who could provide this breakout.

TABLE 18
GROWTH IN USAGE

		Skier Visits ^a				
	Base	1985-86 (000)	1984-85 (000)	1983-84 (000)	1982-83 (000)	1981-82 (000)
Total						
Total Sample	(124)	218	214	208	199	210
USFS Permittees	(65)	269	276	259	269	264
By Profitability:						
Top Half	(43)	294	267	268	235	261
Bottom Half	(44)	181	186	176	173	179
Loss	(37)	174	185	177	185	184
By Geographic Region:						
New England	(24)	209	179	193	144	183
East	(19)	147	122	142	109	141
Midwest	(15)	71	64	64	53	69
Central Rockies	(19)	402	403	383	381	361
Northern Rockies	(11)	162	167	163	167	153
California/Nevada	(16)	319	334	297	337	337
Pacific Northwest	(20)	183	206	185	195	188
By Type:						
Day	(64)	135	140	127	121	129
Weekend	(27)	223	210	219	212	227
Vacation	(33)	375	361	357	339	342

TABLE 18 (Continued)

GROWTH IN USAGE

		Skier Visits ^a				
	Base	1985-86 (000)	1984-85 (000)	1983-84 (000)	1982-83 (000)	1981-82 (000)
Day						
Total Sample	(124)	208	205	203	194	206
USFS Permittees	(64)	267	273	261	266	260
By Profitability:						
Top Half	(43)	277	253	253	226	254
Bottom Half	(44)	170	176	168	168	172
Loss	(37)	173	183	181	184	184
By Geographic Region:						
New England	(24)	190	167	181	134	183
East	(18)	117	97	115	90	120
Midwest	(14)	52	46	48	42	53
Central Rockies	(19)	402	403	383	381	361
Northern Rockies	(11)	157	158	156	160	147
California/Nevada	(16)	315	328	332	328	332
Pacific Northwest	(19)	177	197	176	186	179
By Type:						
Day	(64)	119	123	113	109	114
Weekend	(27)	208	196	205	199	213
Vacation	(33)	373	368	363	346	357
Night						
Total Sample	(48)	36	35	37	31	39
USFS Permittees	(13)	28	36	33	37	35
By Profitability:						
Top Half	(18)	52	43	44	34	43
Bottom Half	(21)	31	34	38	36	37
Loss	(9)	16	19	18	18	29
By Geographic Region:						
New England	(9)	50	48	47	37	51
East	(15)	44	36	40	30	36
Midwest	(11)	24	22	24	20	30
Central Rockies	(0)	-	-	-	-	-
Northern Rockies	(2)	29	35	34	34	30
California/Nevada	(4)	15	26	18	33	38
Pacific Northwest	(7)	34	41	41	41	46
By Type:						
Day	(33)	38	37	39	33	41
Weekend	(12)	34	31	31	28	32
Vacation	(3)	21	26	28	30	65

^aDay Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a day/night breakdown. Night skier visits are only for those areas operating at night who could provide break between day and night skier visits.

The average area in Table 18 reported an increase of 2 percent in skier visits in 1985-86.

The Western areas experienced decreases in skier visits. Increases in skier visits were reported in the Midwest, East and New England areas. These regions reporting increases reported their best performance in five years.

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. Respondents also provided weekday and weekend night ticket prices and season pass rates. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19
SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1985-86	1984-85	1983-84	1982-83
Ski Lift Ticket Price:				
Day Weekend	\$20.37	\$18.68	\$17.55	\$16.43
Day Weekday	18.26	17.15	15.97	14.89
Night Weekend	11.46	10.74	9.62	9.01
Night Weekday	11.23	10.21	8.97	8.47
Season Pass	384.94	368.62	348.91	324.96
Average Ski Lift Ticket Revenue/S-V	15.68	14.45	13.61	12.90
Realized Revenue Vs. Weekend Day Price	77.0%	77.4%	77.5%	78.5%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of \$10.00 to a high of \$34.00. Almost fifty-five percent of the ski areas responding charged \$20 or more for their lift tickets.

TABLE 20
ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

Ticket Price	1985-86		1984-85	1983-84	1982-83	1981-82
	Number	%	%	%	%	%
Less than \$10	-	- %	- %	- %	2.5%	0.9%
\$10.00 - 11.99	2	1.6	0.9	4.4	5.1	9.6
\$12.00 - 13.99	3	2.4	6.0	6.2	9.3	13.0
\$14.00 - 15.99	13	10.5	14.5	17.7	25.4	28.7
\$16.00 - 17.99	15	12.1	20.5	24.8	19.5	18.3
\$18.00 - 19.99	23	18.5	17.1	15.9	20.3	19.1
\$20.00 - 21.99	17	13.7	18.8	18.6	8.5	6.1
\$22.00 - 23.99	18	14.5	10.3	7.1	7.6	4.4
\$24.00 - 25.99	17	13.7	6.0	} 5.3	1.7	-
\$26.00 - 27.00	11	8.9	3.4			
\$28.00 and over	5	4.0	2.6			
	124	99.9%	100.1%	100.0%	99.9%	100.1%

Profits

Seventy-two (58 percent) of the 124 ski areas reported profits in 1984-85. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21
DOLLARS OF PROFIT (BEFORE TAX)

Profit (000)	1985-86		1984-85	1983-84	1982-83	1981-82
	Number	%	%	%	%	%
Loss	52	41.9%	34.2%	36.3%	53.4%	30.4%
\$0 - 24.9	5	4.0	6.8	4.4	5.1	4.4
\$25 - 49.9	6	4.8	1.7	0.9	2.5	1.7
\$50 - 99.9	4	3.2	5.1	5.3	5.1	4.4
\$100 - 149.9	7	5.6	3.4	6.2	2.5	7.8
\$150 - 249.9	7	5.6	10.3	7.1	3.4	12.2
\$250 - 349.9	8	6.5	5.1	8.0	6.8	5.2
\$350 - 999.9	14	11.3	16.2	17.7	10.2	15.7
\$1,000 - 1,999.9	14	11.3	9.4	8.8	5.1	9.6
\$2,000 - 9,999.9	7	5.6	7.7	5.3	5.9	7.0
\$10,000+	0	0.0	0.0	0.0	0.0	1.7
	124	99.8%	99.9%	100.0%	100.0%	100.1%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski area. Ski touring is the most prevalent activity at the area. Swimming and tennis follow at the area. Snowmobiles rank first nearby, followed by golf, tennis, swimming, ski touring, ice skating, and water sports.

TABLE 22
OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
Areas Offering Activity				
Toboggans/sleds	4.0%	3.1%	3.7%	6.1%
Snowmobiles	4.0	0.0	3.7	12.1
Ice skating	12.1	6.3	11.1	24.2
Ski touring	50.0	40.6	55.6	63.6
Golf	20.2	7.8	29.6	36.4
Tennis	33.9	20.3	33.3	60.6
Swimming	37.9	21.9	44.4	63.6
Water sports	12.1	4.7	18.5	21.2
Summer slide	12.1	9.4	22.2	9.1
Other	20.2	9.4	22.2	39.4
Activity Offered Nearby				
Toboggans/sleds	37.9%	42.2%	33.3%	33.3%
Snowmobiles	62.9	62.5	77.8	51.5
Ice skating	50.0	40.6	66.7	54.5
Ski touring	53.2	54.7	55.6	48.5
Golf	58.9	56.3	63.0	60.6
Tennis	57.3	56.3	66.7	51.5
Swimming	57.3	57.8	63.0	51.5
Water sports	50.0	46.9	63.0	45.5
Summer slide	28.2	20.3	40.7	33.3
Other	11.3	6.3	7.4	24.2

For the fourth time, respondents were asked to provide information about computer usage at their ski areas (Table 23). Ninety percent of the 1985-86 respondents reported use of a computer compared to 86 percent of the 1984-85 respondents. The most popular applications continue to be accounts payable, payroll, and accounts receivable. Popular answers reported under other were general ledger, financial statements, mailing lists, word processing, reservations, inventory, budgets and snowmaking.

Fifty-two different brands or models were mentioned in 1985-86. Several areas also reported using more than one computer. The top computers mentioned were IBM S36 (12.6 percent), IBM PC (11.7 percent), IBM S34 (10.7 percent), and Apple III (4.9 percent).

TABLE 23
COMPUTER USE AND APPLICATIONS

	1985-86		1984-85	
	Number	%	Number	%
Use a computer	112	90.3%	101	86.3%
No computer use	12	9.7	16	13.7
	124	100.0%	117	100.0%
Own computer	100	89.3%	91	90.1%
Timeshare computer	7	6.3	10	9.9
Lease	1	0.9	0	0.0
No answer	4	3.6	0	0.0
	112	100.1%	101	100.0%
		Percent of Users		Percent of Users
Applications:				
Payroll	82	73.2%	71	70.3%
Accounts receivable	65	58.0	55	54.5
Accounts payable	84	75.0	75	74.3
Forecasting	56	50.0	44	43.6
Market research	38	33.9	22	21.8
Ticket sales	48	42.9	32	31.7
Other	75	67.0	65	64.4
Base	(112)		(101)	

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1985-86 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1985-86 season represents 124 ski areas that provided complete usable data representing 12 months of income and expenses. These 124 areas represent an increase from the 117 completely usable questionnaires for 1984-85.

The 124 ski areas represent approximately 52 percent of the skier visits in North America. If this relationship were to hold for the balance of the skier visits, then the ski area business in the United States has an investment of some \$2.5 billion, processes revenues of \$1.6 billion, and has an annual payroll of \$335 million.

This chapter first presents the average income statement (Table 24) and the average area lift and revenue expense statement (Table 25) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 65 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 26 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 27 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 27 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 24
AVERAGE AREA INCOME STATEMENT (000)

	1985-86 Total	1985-86 Season Percent	1984-85 Total	1984-85 Season Percent	1983-84 Season Percent	1982-83 Season Percent
Revenue	\$6,780	100.0%	\$6,225	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor ^a	\$1,403	20.7%	\$1,243	20.0%	20.8%	23.0%
Other Direct Expenses ^b	2,478	36.5	2,118	34.0	34.0	29.8
Total Direct Expenses	<u>\$3,881</u>	<u>57.2%</u>	<u>\$3,361</u>	<u>54.0%</u>	<u>54.8%</u>	<u>52.8%</u>
Gross Margin	\$2,899	42.8%	\$2,864	46.0%	45.2%	47.2%
Other Expenses						
General & Administrative	\$ 733	10.8%	\$ 694	11.1%	11.3%	13.4%
Marketing	340	5.0	285	4.6	4.3	4.6
Insurance	278	4.1	155	2.5	2.2	2.5
Forest Service Fees	97	1.4	76	1.2	1.3	1.4
Private Land Rental	14	0.2	22	0.4	0.4	0.4
Property & Other Taxes	124	1.8	141	2.3	2.3	2.7
Interest	445	6.6	401	6.4	7.2	6.8
Depreciation	692	10.3	668	10.7	10.6	11.5
Miscellaneous Expense	71	1.1	126	2.0	0.6	0.6
Total Other Expense	<u>\$2,794</u>	<u>41.3%</u>	<u>\$2,568</u>	<u>41.2%</u>	<u>40.2%</u>	<u>43.9%</u>
Pre-Tax Profit (Loss)	\$ 105	1.5%	\$ 296	4.8%	5.0%	3.2%
Base	(124)		(117)		(113)	(118)

^aIncludes direct labor and snowmaking labor.

^bIncludes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 25
AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1985-86 Total	1985-86 Season Percent	1984-85 Total	1984-85 Season Percent	1983-84 Season Percent	1982-83 Season Percent
Lift Revenue						
Winter	\$3,420	98.6%	\$3,164	99.1%	99.1%	99.1%
Summer	48	1.4	29	0.9	0.9	0.9
Total	<u>\$3,468</u>	<u>100.0%</u>	<u>\$3,193</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Lift Expense						
Direct Labor (Winter) ^a						
Lift	\$ 198	5.7%	\$ 182	5.7%	6.0%	6.4%
Ski Patrol	91	2.6	88	2.8	3.0	3.2
Slope Maintenance	74	2.1	70	2.2	2.4	2.4
Maintenance & Repair	124	3.6	98	3.1	3.7	4.0
Ticket Sales	42	1.2	39	1.2	1.3	1.5
Other	50	1.4	40	1.2	1.2	1.2
Total (Winter)	<u>\$ 579</u>	<u>16.6%</u>	<u>\$ 517</u>	<u>16.2%</u>	<u>17.5%</u>	<u>18.7%</u>
Direct Labor (Summer)	\$ 27	0.8%	\$ 17	0.5%	0.7%	0.5%
Other Direct Expense	<u>\$ 484</u>	<u>14.0%</u>	<u>\$ 409</u>	<u>12.8%</u>	<u>12.1%</u>	<u>8.9%</u>
Gross Margin - Lifts	\$2,378	68.6%	\$2,250	70.5%	69.7%	71.9%
Base	(124)		(117)		(113)	(118)

^aDoes not include payroll taxes.

TABLE 26
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT

	1985-86 Total (000)	1984-85 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	\$10,488	\$9,848	6.5%	\$12,547	\$_____
Revenue:					
Ski Lift Gross - Winter	\$ 3,420	\$3,164		\$ 4,361	\$_____
Ski Lift Gross - Summer	48	29		80	_____
Supporting Margin - Winter	747	630		715	_____
Supporting Margin - Summer	58	67		(22)	_____
Year Round Margin	<u>132</u>	<u>333</u>		<u>82</u>	_____
TOTAL REVENUE	\$ 4,405	\$4,223	4.3%	\$ 5,216	\$_____
Less:					
Ski Lift Direct Expense	\$ 990	\$ 841		\$ 1,306	\$_____
Ski Lift Payroll Taxes	100	101		133	_____
Property Operation	<u>244</u>	<u>239</u>		<u>229</u>	_____
OPERATIONS MARGIN	\$ 3,071	\$3,042	1.0%	\$ 3,548	\$_____
Less:					
General & Administrative	\$ 733	\$ 694		\$ 917	\$_____
Marketing (advertising, public relations, promotion, etc.)	340	285		384	_____
Insurance (property, liability)	278	155		333	_____
Land Use Fees (public)	97	76		153	_____
Land Use Fees (private)	14	22		10	_____
Property Taxes	75	100		95	_____
Other Taxes (except income)	49	41		60	_____
Snowmaking	158	165		127	_____
Snow Removal	14	14		20	_____
Miscellaneous	71	125		81	_____
Depreciation & Amortization	<u>692</u>	<u>668</u>		<u>881</u>	_____
OPERATING PROFIT (LOSS)	\$ 550	\$ 697	-21.1%	\$ 487	\$_____
Less: Interest	<u>445</u>	<u>401</u>		<u>526</u>	_____
PROFIT (LOSS) BEFORE TAX	\$ 105	\$ 296	-64.5%	\$ (39)	\$_____
Base	(124)	(117)		(65)	

TABLE 27
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
1985-86

	Plus:		Less:				Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Payroll Taxes (000)	Gross Margin (000)
WINTER SEASON							
Ski Lift Dept.	\$3,420	\$ -	\$ -	\$ 579	\$364	\$ 95	\$2,382
Ski School	378	1	-	189	27	31	132
Food Service	587	13	198	164	65	24	149
Bar	164	5	43	25	15	4	82
Retail	258	13	137	28	11	6	89
Rental	232	9	26 ^a	42	12	5	156
Accommodations	232	6	-	63	77	12	86
Other	133	3	8	42	25	8	53
Sub-total	\$5,404	\$50	\$ 412	\$1,132	\$596	\$185	\$3,129
YEAR-ROUND							
Real Estate	\$ 747	\$ 1	\$ 521	\$ 55	\$121	\$ 10	\$ 41
Utility	44	0	-	14	37	4	(11)
Miscellaneous	116	0	2	5	7	0	102
Sub-total	\$ 907	\$ 1	\$ 523	\$ 74	\$165	\$ 14	\$ 132
SUMMER SEASON							
Lift Department	\$ 48	\$ -	\$ -	\$ 27	\$ 20	\$ 5	\$ (4)
Food Service	131	1	48	56	25	8	(5)
Retail	30	1	17	6	3	1	4
Sports	48	0	-	21	17	4	6
Accommodations	102	0	-	33	33	6	30
Slide	34	0	0	8	3	2	21
Other	23	1	2	7	9	4	2
Sub-total	\$ 416	\$ 3	\$ 67	\$ 158	\$110	\$ 30	\$ 54
TOTALS	\$6,727	\$54	\$1,002	\$1,364	\$871	\$229	\$3,315
Base	(124)	(124)	(124)	(124)	(124)	(124)	(124)

^aRepresents retirement and replacement of rental equipment.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to \$4.9 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 28 and 29 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 7 percent, or 15 years average life.

Revenue

Average revenue as shown in Table 26 was up 4.3 percent. A check of the 1985-86 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	<u>Total Revenue to GFA</u>		<u>Percent Utilization</u>		<u>Factor</u>	<u>Judgment</u>
All Ski Areas	42%	:	34%	=	1.24	Good
Top Half Profit	55%	:	39%	=	1.41	Excellent
Bottom Half Profit	38%	:	30%	=	1.27	Good
Loss	30%	:	34%	=	.88	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 28
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
PERCENT OF REVENUE

	1985-86 Total	1984-85 Total	1985-86 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	77.6%	74.9%	83.6%	_____ %
Ski Lift Gross - Summer	1.1	0.7	1.5	_____
Supporting Margin - Winter	17.0	14.9	13.7	_____
Supporting Margin - Summer	1.3	1.6	(0.4)	_____
Year Round Margin	<u>3.0</u>	<u>7.9</u>	<u>1.6</u>	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100%
Less:				
Ski Lift Direct Expense	22.5%	19.9%	25.0%	_____ %
Payroll Taxes	2.3	2.4	2.5	_____
Property Operation	<u>5.5</u>	<u>5.7</u>	<u>4.4</u>	_____
OPERATIONS MARGIN	69.7%	72.0%	68.1%	_____ %
Less:				
General & Administrative	16.6%	16.4%	17.6%	_____ %
Marketing (advertising, public relations, promotion, etc.)	7.7	6.7	7.4	_____
Insurance (property, liability)	6.3	3.7	6.4	_____
Land Use Fees (public)	2.2	1.8	2.9	_____
Land Use Fees (private)	0.3	0.5	0.2	_____
Property Taxes	1.7	2.4	1.8	_____
Other Taxes (except income)	1.1	1.0	1.1	_____
Snowmaking	3.6	3.9	2.4	_____
Snow Removal	0.3	0.3	0.4	_____
Miscellaneous	1.7	3.0	1.6	_____
Depreciation & Amortization	<u>15.7</u>	<u>15.8</u>	<u>16.9</u>	_____
OPERATING PROFIT (LOSS)	12.5%	16.5%	9.4%	_____ %
Less: Interest	<u>10.1</u>	<u>9.5</u>	<u>10.1</u>	_____
PROFIT (LOSS) BEFORE TAX	2.4%	7.0%	(0.7)	_____ %
Base	(124)	(117)	(65)	

TABLE 29
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
PERCENT OF GROSS FIXED ASSETS

	1985-86 Total	1984-85 Total	1985-86 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	32.6%	32.1%	34.8%	_____ %
Ski Lift Gross - Summer	0.5	0.3	0.6	_____
Supporting Margin - Winter	7.1	6.4	5.7	_____
Supporting Margin - Summer	0.6	0.7	(0.2)	_____
Year Round Margin	<u>1.2</u>	<u>3.4</u>	<u>0.7</u>	_____
TOTAL REVENUE	42.0%	42.9%	41.6%	_____ %
Less:				
Ski Lift Direct Expense	9.4%	8.5%	10.4%	_____ %
Payroll Taxes	1.0	1.0	1.1	_____
Property Operation	<u>2.3</u>	<u>2.5</u>	<u>1.8</u>	_____
OPERATIONS MARGIN	29.3%	30.9%	28.3%	_____ %
Less:				
General & Administrative	7.0%	7.0%	7.3%	_____ %
Marketing (advertising, public relations, promotion, etc.)	3.2	2.9	3.1	_____
Insurance (property, liability)	2.7	1.6	2.7	_____
Land Use Fees (public)	0.9	0.8	1.2	_____
Land Use Fees (private)	0.1	0.2	0.1	_____
Property Taxes	0.7	1.0	0.8	_____
Other Taxes (except income)	0.5	0.4	0.5	_____
Snowmaking	1.5	1.7	1.0	_____
Snow Removal	0.1	0.1	0.2	_____
Miscellaneous	0.8	1.3	0.5	_____
Depreciation & Amortization	<u>6.6</u>	<u>6.8</u>	<u>7.0</u>	_____
OPERATING PROFIT (LOSS)	5.2%	7.1%	3.9%	_____ %
Less: Interest	<u>4.2</u>	<u>4.1</u>	<u>4.2</u>	_____
PROFIT (LOSS) BEFORE TAX	1.0%	3.0%	(0.3)%	_____ %
Base	(124)	(117)	(65)	

The 1985-86 ratio of revenue to GFA (42 percent) is a slight decline from the 1984-85 figure of 43 percent. This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses (ski lift direct expense, ski lift payroll taxes, and property operation) were up 13 percent. (See Table 26.)

Balance Sheet

Balance sheet data is summarized in Table 30. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.2/1.

Table 31 summarizes the traditional measures of business health.

TABLE 30
AVERAGE SKI AREA FINANCIAL DATA- BALANCE SHEET

	1985-86 (000)	Total Percent	1984-85 (000)	Total Percent	USFS Permittees (000)
<u>Assets</u>					
Current Assets	\$ 1,909	17.6%	\$ 1,658	17.6%	\$ 2,042
Gross Fixed Assets	10,899	100.3	10,089	107.0	12,862
Less: Depreciation	<u>(3,993)</u>	<u>(36.8)</u>	<u>(3,894)</u>	<u>(41.3)</u>	<u>(4,698)</u>
Other Assets	2,049	18.9	1,572	16.7	2,729
TOTAL ASSETS	\$10,864	100.0%	\$ 9,425	100.0%	\$12,935
<u>Liabilities & Net Worth</u>					
Current Liabilities	\$ 1,574	14.5%	\$ 1,276	13.5%	\$ 1,425
Long-Term Debt	4,014	36.9	3,359	35.6	5,149
Subordinated Debt	797	7.3	815	8.6	623
Deferred Taxes	170	1.6	229	2.4	166
Other Liabilities	561	5.2	354	3.8	650
Net Worth					
Invested	2,326	21.4	1,962	20.8	2,759
Retained Earnings	<u>1,422</u>	<u>13.1</u>	<u>1,430</u>	<u>15.3</u>	<u>2,153</u>
TOTAL LIABILITIES & NET WORTH	\$10,864	100.0%	\$ 9,425	100.0%	\$12,935
Base	(117)		(113)		(63)

TABLE 31
BALANCE SHEET RATIOS

	1985-86	1984-85	1983-84	1982-83
Net Working Capital (000)	\$335	\$382	\$(52)	\$ 24
Current Ratio	1.2/1	1.3/1	1.0/1	1.0/1
Percent Debt	66%	64%	62%	57%
Percent Equity	34%	36%	38%	43%
Debt to Cash Flow	6.0X	4.3X	4.2X	4.7X

U.S. Forest Service Permittees

Again, the 1985-86 study contained a separate computer run for the 65 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are fairly similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 32 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 26 and 30. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

This year separate utilization percentages are reported for day and night. This is in addition to the figure that has always been reported: Average Utilization. The data reported for day utilization and night utilization is based on information reported by those areas that could provide a break between day and night skier visits.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).
2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.
3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 32

ECONOMIC RATIOS

	Construction Key	Total 1984-86	Total 1984-85	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	7,229	6,901		9,255	
VTF/Hour - Demand/Skier Capacity	B	1,608	1,606		1,686	
Skier Capacity	C	4,497	4,296		5,488	
Days/Nights of Operation	D	129	128		131	
Season Capacity (000)	E	634	593		798	
Day Season Capacity (000)		582	545		764	
Night Season Capacity (000)		123	119		149	
Actual Skier Visits (000)	F	218	219	0.0%	269	
Day Skier Visits (000)		208	199		267	
Night Skier Visits (000)		36	37		28	
Profit (Loss) Before Tax (000)	G	\$ 105	\$ 296	-64.5%	\$ (39)	\$
Plus: Depreciation (000)	H	\$ 692	\$ 668		\$ 881	\$
Before Tax Cash Flow (000)	I	\$ 797	\$ 964		\$ 842	\$
Operating Profit (Loss) (000)	J	\$ 550	\$ 697	-21.1%	\$ 487	\$
Cash Operating Costs (000)	K	\$ 3,163	\$2,858		\$ 3,848	\$
Gross Fixed Assets (000)	L	\$10,488	\$9,848		\$12,547	\$
Long Term Debt (000)	M	\$ 4,811	\$4,174		\$ 5,772	\$
Equity (000)	N	\$ 3,748	\$3,392		\$ 4,912	\$
Critical Ratios						
1. Health (Debt to Cash Flow)		6.0X	4.3X		5.5X	X
Profitability:						
2. Operating Profit on GFA		5.2%	7.1%	-26.8%	6.9%	%
3. Profit (BT) on Equity		2.8%	8.7%	-67.8%	Loss	%
Performance:						
4. Average Utilization		34.4%	36.9%		33.7%	%
Day Utilization		35.7%	36.5%		34.9%	%
Night Utilization		29.3%	31.1%		18.8%	%
5. Days/Nights of Operation		129	128		131	

TABLE 32 (Continued)

ECONOMIC RATIOS

	Construction Key	Total 1985-86	Total 1984-85	Percent Change	USFS Permittees	Your Ski Area
Policy and Planning:						
6. Capital/Capacity Ratio		\$2,332	\$2,292		\$2,286	\$
7. Operating Cost/Capacity Ratio		\$ 4.99	\$ 4.82	3.5%	\$ 4.82	\$
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		\$15.68	\$14.45	8.5%	\$16.20	\$
Ski School Margin		\$.61	\$.53		\$.56	\$
Food Service Margin		\$.68	\$.56		\$.53	\$
Bar Margin		\$.38	\$.37		\$.30	\$
Ski Shop Margin		\$.41	\$.38		\$.37	\$
Ski Rental Margin		\$.71	\$.61		\$.47	\$
Other Margin		\$.24	\$.11		\$.20	\$
8. Total - Revenue/Skier Visit		\$18.71	\$17.01	10.0%	\$18.63	\$
Base		(124)	(117)		(65)	

- a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.
- b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings. The reader should be aware of the fact that because of the areas' accumulated losses, 40 percent of the respondents reported negative retained earnings and 18 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey included nights of operation. The 1977-78 survey incorporated both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 124 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

5. Days/nights of operation are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.
6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, comfortable skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 16.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1985-86 the ski industry deteriorated in its ability to retire debt. Average debt obligations are 6 times the before tax cash flow. Thus, cash flows are adequate to retire debt in approximately 12 years. (They must first be used to pay income taxes.)
2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is 5.2 percent. This is a decrease from last year's 7.1 percent.

Profit before tax on equity is at 2.8 percent, down from last year's 8.7 percent and 1983-84's rate of 8.4 percent.

3. Ski Industry Performance: Average skier visits were down by less than 1 percent.
4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

The daily cash operating cost/capacity ratio at \$4.99 is up from 1984-85's \$4.82 index and is also above the \$4.18 recorded in 1983-84. The change by category looks like this:

	Cash Cost/Season Capacity		
	1985-86	1984-85	Change
Ski Lift Direct	\$1.55	\$1.42	Up 9%
Payroll Taxes	.16	.17	Down 6%
Property Operation	.39	.40	Down 3%
Snowmaking and Snow Removal	.27	.30	Down 10%
General & Administrative, & Miscellaneous	1.26	1.38	Down 8%
Marketing	.54	.48	Up 14%
Insurance	.44	.26	Up 69%
Land Use Fees	.18	.17	Up 6%
Property Taxes	.12	.17	Down 29%
Other Taxes	.08	.07	Up 14%
	<u>\$4.99</u>	<u>\$4.82</u>	

5. Revenue per skier visit: The 1985-86 revenue per skier visit was up 10 percent to \$18.71. Overall margins all increased. Additional analysis is presented in Chapter VI.

TABLE 33
REVENUE PER SKIER VISIT

	1985-86	1984-85	1983-84	1982-83
Ski Lift Gross	\$15.68	\$14.45	\$13.61	\$12.90
Ski School Margin	.61	.53	.43	.47
Food Service Margin	.68	.56	.54	.59
Bar Margin	.38	.37	.28	.23
Ski Shop Margin	.41	.38	.34	.27
Rental Margin	.71	.61	.55	.48
Other Margin	.24	.11	(.02)	.12
	<u>\$18.71</u>	<u>\$17.01</u>	<u>\$15.73</u>	<u>\$15.06</u>
Base	(124)	(117)	(113)	(118)

PROFITABILITY

The 1985-86 ski season recorded operating profits that were down from 1984-85, with 70.2 percent of the reporting ski areas showing operating profits. Operating profit on Gross Fixed Assets was 5.2 percent for the average ski area in the study, 13.9 percent for the top half of the profitable ski areas and 4.7 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical but hopefully more meaningful way. The definition is operating profit and results in 87 areas with an operating profit rather than 71 using profit before income taxes and 37 areas with a loss rather than the 53 using profit before income taxes. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, the majority will be found at the end of the chapter.

The proportion of ski areas showing operating profits decreased from 1984-85. Table 34 summarizes six profit indicators.

TABLE 34

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1985-86	1984-85	1983-84	1982-83
Ski Areas Reporting				
Operating Profits	70.2%	76.9%	73.5%	61.9%
Operating Profit on GFA	5.2	7.1	7.7	5.7
Profit (BT) on Equity	2.8	8.7	8.4	4.2
Profit (BT) on GFA	1.0	3.0	3.2	1.9
Profit (BT) on Revenue	2.4	7.0	7.5	4.4
Profit (BT) in Dollars (000)	\$105	\$296	\$290	\$143
Base	(124)	(117)	(113)	(118)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 35 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 36 through 39 contain income statement and balance sheet data in these three categories. The 87 profitable ski areas were considered profitable based upon their ability to show an operating profit (i.e., before subtracting interest). Sixteen of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 40 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable cause for higher profitability.

<u>Probable Cause</u>	<u>Measure</u>	<u>Index^a</u>
1. Equivalent Days/Nights	134 days/nights	1.04
2. Revenue/Skier Visit	\$19.84	1.06
3. Capital Cost/Capacity Ratio	\$2,229	.96
4. Size (VTF/Hour) (000)	8,324	1.15
5. Available Beds	5,025	1.23
<u>Resulting Effect</u>	<u>Measure</u>	<u>Index^a</u>
Average Utilization	38.8%	1.13
Operating Profit (000)	1,636	2.97
Operating Profit on GFA	13.9%	2.67

^aThe index represents the relationship of this measure to the average ski area measure.

On all measures the top profit ski areas performed better than the average ski area in 1985-86.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they can effect profits dramatically.

1. Length of Season: Typically the top profit ski areas enjoy a relatively longer season. The 43 top profit ski areas recorded 134 "equivalent" days/nights of operation, which was 4 percent above the average and 9 percent above the loss areas. These 134 days/nights were 2 percent below the 137 "equivalent" days/nights recorded in 1984-85. The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown in Chapter VIII (Table 76) where the 21 ski areas that operated between 140-159 days recorded a 4.8 percent operating profit on gross fixed assets; and the 16 areas that operated over 160 days had a 6.0 percent return. However, surprisingly, during the past year, the areas open 80-99 days reported the highest operating profit on gross fixed assets (6.9 percent) and the areas open 100-119 days had the second highest ratio (6.2 percent).
2. Revenue Per Skier Visit: Normally, the most profitable ski areas also have the highest average revenue per skier visit. However, in 1985-86 the bottom profit areas reported a slightly higher average revenue per skier visit. The 1985-86 revenue per skier visit increased 22 percent for the loss areas from 1984-85, and increased 16 percent for the top profit areas and decreased 2 percent for the bottom profit areas.
3. Capital Cost/Capacity Ratio: The top half profit areas were below the industry average, while the loss ski areas were well above the average Capital Cost/Capacity ratio in 1985-86. This was coupled with a higher operating cost/capacity ratio, an additional cause of decreased profitability.
4. Type and Size of Area: The most profitable ski areas are found again to be the larger ski areas with a larger number of equivalent days/nights of operation.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a lower utilization rate and lower revenue per skier visit compared to the top half of the profitable areas; however, the cause is not readily apparent. These areas also had a slightly shorter operating season, were smaller, and had fewer available beds than the top profit areas. The index or relative measures of the five variables identified earlier are summarized below.

None of these factors alone explain the poorer profitability. However, the combination of lower utilization, lower revenue per skier visit, and fewer days of operation creates only marginal profits. Profits were aided by a lower capital cost/capacity ratio.

<u>Probable Cause</u>	<u>Measure</u>	<u>Index</u>
1. Equivalent Days/Nights	131 days/nights	1.02
2. Revenue/Skier Visit	\$16.93	0.90
3. Capital Cost/Capacity Ratio	\$2,084	0.89
4. Size (VTF/Hour) (000)	6,366	0.88
5. Available Beds	2,940	0.72
<u>Resulting Effect</u>	<u>Measure</u>	<u>Index</u>
Average Utilization	29.7%	0.86
Operating Profit (000)	\$410	0.75
Operating Profit on GFA	4.7%	0.90

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

<u>Probable Cause</u>	<u>Measure</u>	<u>Index</u>
1. Equivalent Days/Nights	123 days/nights	0.95
2. Revenue/Skier Visit	\$19.33	1.03
3. Capital Cost/Capacity Ratio	\$2,799	1.20
4. Size (VTF/Hour) (000)	6,982	0.97
5. Available Beds	4,321	1.06
<u>Resulting Effect</u>	<u>Measure</u>	<u>Index</u>
Average Utilization	33.7%	0.98
Operating Profit (000)	(\$543)	-
Operating Profit on GFA	Loss	-

All five causes again combine to create losses.

1. Length of Season: The shorter operating season is a major cause. The 37 loss areas averaged 97 days of full operation; 18 days of less than full but better than half open; only 6 days of less than half open; and 18 nights of operation. Their equivalent days/nights amounted to 100 percent of actual days open. However, equivalent days/nights is only 95 percent of the average area.
2. Revenue/Skier Visit: While past studies identified discounting as a cause of lost revenue, this is not the case in 1985-86. Revenue per skier visit is 103 percent of the industry average.
3. Cost Factors: A major shortcoming of the loss areas involves a capital cost/capacity about 19 percent higher than average, coupled with extremely high operating/capacity ratio of \$6.00, 20 percent higher than the average ski area. The key to profitability is to control cost and increase utilization.
4. Size: Size does not appear to be an important factor as the loss areas were smaller than the top profit areas, but larger than the bottom profit areas.
5. Available Beds: This factor does not appear significant as the loss areas' number of beds was above average and exceeded that of the bottom profit areas by a wide margin.

The identified basic short-comings of length of season, cost factors, and utilization have created losses and must be remedied to return to profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue to a percent of GFA to utilization.

	<u>Total</u>	<u>Top Profit</u>	<u>Bottom Profit</u>	<u>Loss</u>
Number of Areas	124	43	44	37
Total Revenue/GFA	42%	55%	38%	30%
Utilization	34%	39%	30%	34%
Factor	1.23	1.41	1.27	0.88
Judgment	Good	Excellent	Good	Poor

A factor of less than 1.00 indicates one or more critical characteristics are out of balance.

TABLE 35

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	7,229	8,324	6,366	6,982
Gross Fixed Assets (000)	\$10,488	\$11,735	\$8,708	\$11,154
Skiable Acres	630	586	771	513
Total Acres	1,637	1,325	1,597	2,048
LOCATION				
Within 50 Miles of SMSA	35%	43%	34%	27%
With 6+ Areas in 1 Hour	28%	44%	14%	27%
New England	19%	30%	16%	11%
East	15%	21%	18%	5%
Midwest	12%	12%	16%	8%
Central Rockies	15%	14%	7%	27%
Northern Rockies	9%	7%	7%	14%
California and Nevada	13%	14%	9%	16%
Pacific Northwest	16%	2%	27%	19%
SITE CHARACTERISTICS				
Number of Beds at Base ^a	1,892	3,174	739	1,691
Number of Beds (10 miles) ^a	4,081	5,025	2,940	4,321
With Snowmaking	69%	81%	59%	65%
With Night Skiing	42%	44%	50%	30%
Terrain: Beginner	25%	26%	24%	24%
Intermediate	49%	49%	52%	46%
Expert	26%	25%	23%	30%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	52%	77%	71%	9%
Engaged in Land Development	43%	51%	43%	32%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	129	134	131	123
Average Peak Day Crowd	4,696	6,075	4,160	3,730
Average Skier Visits (000)	218	294	181	174
Average Age of Ski Areas	27 years	28 years	30 years	23 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	\$18.71	\$19.84	\$16.93	\$ 19.33
Average Lift Ticket Revenue/Skier Visit	\$15.68	\$16.18	\$14.28	\$ 16.45
Average Adult Lift Ticket Price:				
Weekend	\$20.37	\$20.92	\$19.57	\$ 20.68
Weekday	\$18.26	\$18.82	\$17.05	\$ 19.01
Average Night Ticket Price:				
Weekend	\$11.46	\$12.96	\$10.71	\$ 10.52
Weekday	\$11.23	\$12.68	\$10.57	\$ 10.00
Average Adult Season Ticket Price	\$ 385	\$ 392	\$ 343	\$ 428
Average Utilization	34%	39%	30%	34%
Average Profit (Loss) Before Tax	\$ 105	\$1,192	\$ 95	\$ (1,144)
Ratio: Revenue/GFA	42%	55%	38%	30%
Base	(124)	(43)	(44)	(37)

^aFor those areas reporting beds.

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	\$10,488	\$11,735	\$8,708	\$11,154	\$_____
Revenue:					
Ski Lift Gross - Winter	\$ 3,420	\$ 4,748	\$2,590	\$ 2,863	\$_____
Ski Lift Gross - Summer	48	74	45	22	_____
Supporting Margin - Winter	747	1,187	527	498	_____
Supporting Margin - Summer	58	142	28	(7)	_____
Year Round Margin	<u>132</u>	<u>325</u>	<u>89</u>	<u>(42)</u>	_____
TOTAL REVENUE	\$ 4,405	\$ 6,476	\$3,279	\$ 3,334	\$_____
Less:					
Ski Lift Direct Expense	\$ 990	\$ 1,024	\$ 889	\$ 1,071	\$_____
Payroll Taxes	100	133	81	84	_____
Property Operation	<u>244</u>	<u>466</u>	<u>118</u>	<u>134</u>	_____
OPERATIONS MARGIN	\$ 3,071	\$ 4,853	\$2,191	\$ 2,045	\$_____
Less:					
General & Administrative	\$ 733	\$ 927	\$ 488	\$ 797	\$_____
Marketing (advertising, public relations, promotion, etc.)	340	410	271	342	_____
Insurance (property, liability)	278	378	223	228	_____
Land Use Fees (public)	97	120	60	113	_____
Land Use Fees (private)	14	17	10	17	_____
Property Taxes	75	75	59	95	_____
Other Taxes (except income)	49	98	6	43	_____
Snowmaking	158	269	87	114	_____
Snow Removal	14	16	14	11	_____
Miscellaneous	71	109	47	51	_____
Depreciation & Amortization	<u>692</u>	<u>798</u>	<u>516</u>	<u>777</u>	_____
OPERATING PROFIT (LOSS)	\$ 550	\$ 1,636	\$ 410	\$ (543)	\$_____
Less: Interest	<u>445</u>	<u>444</u>	<u>315</u>	<u>601</u>	_____
PROFIT (LOSS) BEFORE TAX	\$ 105	\$ 1,192	\$ 95	\$ (1,144)	\$_____
Base	(124)	(43)	(44)	(37)	_____

TABLE 37
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY PROFITABILITY

	Percent of Gross Fixed Assets				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	32.6%	40.5%	29.7%	25.7%	_____%
Ski Lift Gross - Summer	0.5	0.6	0.5	0.2	_____
Supporting Margin - Winter	7.1	10.1	6.1	4.5	_____
Supporting Margin - Summer	0.6	1.2	0.3	(0.1)	_____
Year Round Margin	1.2	2.8	1.1	(0.4)	_____
TOTAL REVENUE	42.0%	55.2%	37.7%	29.9%	_____%
Less:					
Ski Lift Direct Expense	9.4%	8.7%	10.2%	9.6%	_____%
Payroll Taxes	1.0	1.1	0.9	0.8	_____
Property Operation	2.3	4.0	1.4	1.2	_____
OPERATIONS MARGIN	29.3%	41.4%	25.2%	18.3%	_____%
Less:					
General & Administrative	7.0%	7.9%	5.6%	7.1%	_____%
Marketing (advertising, public relations, promotion, etc.)	3.2	3.6	3.1	3.1	_____
Insurance (property, liability)	2.7	3.2	2.6	2.0	_____
Land Use Fees (public)	0.9	1.0	0.7	1.0	_____
Land Use Fees (private)	0.1	0.1	0.1	0.2	_____
Property Taxes	0.7	0.6	0.7	0.9	_____
Other Taxes (except income)	0.5	0.8	0.1	0.4	_____
Snowmaking	1.5	2.3	1.0	1.0	_____
Snow Removal	0.1	0.2	0.2	0.1	_____
Miscellaneous	0.8	1.0	0.5	0.4	_____
Depreciation & Amortization	6.6	6.8	5.9	7.0	_____
OPERATING PROFIT (LOSS)	5.2%	13.9%	4.7%	(4.9)%	_____%
Less: Interest	4.2	3.7	3.6	5.4	_____
PROFIT (LOSS) BEFORE TAX	1.0%	10.2%	1.1%	(10.3)%	_____%
Base	(124)	(43)	(44)	(37)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY PROFITABILITY

	Percent of Revenue				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Revenue:					
Ski Lift Gross - Winter	77.6%	73.3%	79.0%	85.9%	_____ %
Ski Lift Gross - Summer	1.1	1.1	1.4	0.7	_____
Supporting Margin - Winter	17.0	18.3	16.1	14.9	_____
Supporting Margin - Summer	1.3	2.2	0.9	(0.2)	_____
Year Round Margin	<u>3.0</u>	<u>5.1</u>	<u>2.6</u>	<u>(1.3)</u>	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0 %
Less:					
Ski Lift Direct Expense	22.5%	15.8%	27.1%	32.1%	_____ %
Payroll Taxes	2.3	2.1	2.5	2.5	_____
Property Operation	<u>5.5</u>	<u>7.2</u>	<u>3.6</u>	<u>4.1</u>	_____
OPERATIONS MARGIN	69.7%	74.9%	66.8%	61.3%	_____ %
Less:					
General & Administrative	16.6%	14.3%	14.9%	23.9%	_____ %
Marketing (advertising, public relations, promotion, etc.)	7.7	6.3	8.3	10.3	_____
Insurance (property, liability)	6.3	5.8	6.8	6.8	_____
Land Use Fees (public)	2.2	1.9	1.8	3.4	_____
Land Use Fees (private)	0.3	0.3	0.3	0.5	_____
Property Taxes	1.7	1.2	1.8	2.8	_____
Other Taxes (except income)	1.1	1.5	0.2	1.3	_____
Snowmaking	3.6	4.2	2.7	3.4	_____
Snow Removal	0.3	0.2	0.4	0.3	_____
Miscellaneous	1.7	1.6	1.4	1.5	_____
Depreciation & Amortization	<u>15.7</u>	<u>12.3</u>	<u>15.7</u>	<u>23.3</u>	_____
OPERATING PROFIT (LOSS)	12.5%	25.3%	12.5%	(16.2)%	_____ %
Less: Interest	<u>10.1</u>	<u>6.9</u>	<u>9.6</u>	<u>18.1</u>	_____
PROFIT (LOSS) BEFORE TAX	2.4%	18.4%	2.9%	(34.3)%	_____ %
Base	(124)	(43)	(44)	(37)	

TABLE 39
AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
<u>Assets:</u>				
Current Assets	\$ 1,909	\$ 2,443	\$1,082	\$ 2,247
Gross Fixed Assets	10,899	11,972	8,989	11,876
Less: Depreciation	(3,993)	(4,856)	(3,698)	(3,283)
Other Assets	<u>2,049</u>	<u>1,320</u>	<u>599</u>	<u>4,699</u>
TOTAL ASSETS	\$10,864	\$10,879	\$6,972	\$15,539
<u>Liability & Net Worth</u>				
Current Liabilities	\$ 1,574	\$ 1,885	\$ 818	\$ 2,100
Long-Term Debt	4,014	2,480	2,803	7,368
Subordinated Debt	797	669	911	819
Deferred Taxes	170	214	104	196
Other Liabilities	561	242	277	1,296
Net Worth				
Invested	2,326	1,216	1,269	4,973
Retained Earnings	<u>1,422</u>	<u>4,173</u>	<u>790</u>	<u>(1,215)</u>
TOTAL LIABILITIES & NET WORTH	\$10,864	\$10,879	\$6,972	\$15,539
Base	(117)	(42)	(41)	(34)

TABLE 40
ECONOMIC RATIOS—BY PROFITABILITY

	Key	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	A	7,229	8,324	6,366	6,982	_____
VTF/Hour - Demand/Skier Capacity	B	1,608	1,581	1,524	1,752	_____
Skier Capacity	C	4,497	5,265	4,178	3,985	_____
Days/Nights of Operation	D	129	134	131	123	_____
Season Capacity (000)	E	634	757	610	517	_____
Day Season Capacity (000)		582	688	551	495	_____
Night Season Capacity (000)		123	157	118	74	_____
Actual Skier Visits (000)	F	218	294	181	174	_____
Day Skier Visits (000)		208	277	170	173	_____
Night Skier Visits (000)		36	52	31	16	_____
Profit (Loss) Before Tax (000)	G	\$ 105	\$ 1,192	\$ 95	\$ (1,144)	\$ _____
Plus: Depreciation (000)	H	\$ 692	\$ 798	\$ 516	\$ 777	\$ _____
Before Tax Cash Flow (000)	I	\$ 797	\$ 1,990	\$ 611	\$ (367)	\$ _____
Operating Profit (Loss) (000)	J	\$ 550	\$ 1,636	\$ 410	\$ (543)	\$ _____
Cash Operating Costs (000)	K	\$ 3,163	\$ 4,042	\$ 2,353	\$ 3,100	\$ _____
Gross Fixed Assets (000)	L	\$10,488	\$11,735	\$8,708	\$11,154	\$ _____
Long Term Debt (000)	M	\$ 4,811	\$ 3,149	\$3,714	\$ 8,187	\$ _____
Equity (000)	N	\$ 3,748	\$ 5,389	\$2,059	\$ 3,760	\$ _____
Critical Ratios						
1. Health (Debt to Cash Flow)		6.0X	1.6X	6.1X	-	_____X
Profitability:						
2. Operating Profit on GFA		5.2%	13.9%	4.7%	Loss	_____%
3. Profit (BT) on Equity		2.8%	22.1%	4.6%	Loss	_____%
Performance:						
4. Average Utilization		34.4%	38.8%	29.7%	33.7%	_____%
Day Utilization		35.7%	40.3%	30.9%	34.9%	_____%
Night Utilization		29.3%	33.1%	26.3%	21.6%	_____%
5. Days/Nights of Operation		129	134	131	123	_____
Policy & Planning:						
6. Capital/Capacity Ratio		\$2,332	\$2,229	\$2,084	\$2,799	\$ _____
7. Operating/Capacity Ratio		\$ 4.99	\$ 5.34	\$ 3.86	\$ 6.00	\$ _____
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		\$15.68	\$16.18	\$14.28	\$16.45	\$ _____
Ski School Margin		\$.61	\$.66	\$.40	\$.77	\$ _____
Food Service Margin		\$.68	\$.79	\$.60	\$.57	\$ _____
Bar Margin		\$.38	\$.38	\$.37	\$.38	\$ _____
Ski Shop Margin		\$.41	\$.49	\$.42	\$.24	\$ _____
Ski Rental Margin		\$.71	\$.81	\$.63	\$.62	\$ _____
Other Margin		\$.24	\$.53	\$.23	\$.30	\$ _____
8. Total - Revenue/Skier Visit		\$18.71	\$19.84	\$16.93	\$19.33	\$ _____
Base		(124)	(43)	(44)	(37)	

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 41 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 84 ski areas or 68 percent reported operating a bar, thus the data shown are from a sample of only 84.

In addition to the departmental direct cost breakdown, Table 41 includes gross sales per skier visit for the seven major categories. These departments account for 77 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 41 will not equate with the average ski industry margins shown with the economic ratios (Table 32). For instance, the bar department margin on Table 41 amounts to \$0.51/skier visit ($\$1.08 \times 47.6$ percent) whereas on Table 32 it is shown as \$0.38/skier visit. While the industry average is based on all 124 respondents, the Table 41 data is based on only the 84 respondents who own and operate a bar.

Two upgraded items involve cost of goods sold in the rental department and payroll taxes. The last eight surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons. In addition this year, payroll taxes have been deducted from departments. If respondents gave a breakdown of payroll taxes by department, that figure was used; if a total payroll tax figure was given, it was allocated to departments in proportion to direct labor costs.

Tables 42 through 44 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 45-47) and by geographic region (Chapter VII, Table 60).

Ski Area Concessions

Table 48 summarizes ski area concession operations.

Ski Area Employment

Tables 49 and 50 summarize ski area employment. These 124 ski areas employed 22,940 persons daily. If the balance of the ski areas had similar staffing, based on skier visits the ski area industry employed 44,115 persons daily.

Ski Lift Department Detail

Table 51 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the past few years. Seventy-three ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	\$ 85,275	29.2%
Liability Insurance Expense	<u>207,040</u>	<u>70.8%</u>
Total Insurance Expense	\$292,315	100.0%

Fifty-one ski areas lumped their insurance costs together and reported a cost of \$264,307. Assuming that the property/liability ratio remains the same for the 51 ski areas who provided only one lumped figure results in allocating 29.2 percent to property and 70.8 percent to liability. Thus, the 1985-86 figures probably look like this for the average ski area:

Cost-Property Insurance	\$ 81,992	29.2%
Cost-Liability Insurance	<u>198,803</u>	<u>70.8%</u>
Cost-Total Insurance	\$280,795	100.0%

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance	/	Gross Fixed Assets	=	0.8%
\$ 81,992	/	\$10,487,581		
Liability Insurance	/	Total Revenue	=	4.5%
\$198,803	/	\$ 4,405,000		
Liability Insurance	/	Gross Operating Revenue ^a	=	3.4%
\$198,803		\$ 5,934,693		

^aFor purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

The liability insurance ratios have increased considerably from last year: in 1984-85 the liability insurance/total revenue was 1.9 percent and liability insurance/gross operating revenue was 1.5 percent.

TABLE 41
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
TOTAL SKI AREAS, 1985-86

	Gross Sales		Less:					Base
	Per	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	
	S-V ^a							
WINTER SEASON								
Ski Lift Dept.	\$15.68	100.0%	- %	16.9%	10.6%	2.8%	69.7%	(124)
Ski School	1.86	100.0%	-	49.9	7.3	8.2	34.6	(109)
Food Service	3.37	100.0%	33.7	28.0	10.9	4.1	23.3	(99)
Bar	1.08	100.0%	26.3	15.2	8.7	2.2	47.6	(84)
Retail	1.76	100.0%	53.2	10.8	4.4	1.8	29.8	(70)
Rental	1.45	100.0%	11.1 ^b	17.9	5.1	2.9	63.0	(96)
Accommodations	-	100.0%	-	27.1	33.1	5.1	34.7	(46)
Other	.68	100.0%	6.1	31.1	18.8	5.7	38.3	(102)
	<u>\$25.88</u>							
YEAR-ROUND								
Real Estate		100.0%	69.7	7.4	16.1	1.2	5.6	(21)
Utility		100.0%	-	30.9	62.6	10.0	(3.5)	(17)
Miscellaneous		100.0%	2.1	3.9	6.1	0.5	87.4	(67)
SUMMER SEASON								
Lift Department		100.0%	-	50.3	30.4	8.4	10.9	(33)
Food Service		100.0%	37.0	42.5	19.2	6.0	(4.7)	(55)
Retail		100.0%	56.4	21.8	10.4	3.9	7.5	(31)
Sports		100.0%	-	43.5	34.9	9.5	12.1	(28)
Accommodations		100.0%	-	32.0	32.8	6.2	29.0	(31)
Slide		100.0%	0.2	24.4	10.0	4.6	60.8	(12)
Other		100.0%	10.6	31.5	37.6	6.7	13.6	(29)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 42
 AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
 TOP PROFIT SKI AREAS, 1985-86

	Gross Sales		Less:				Gross Margin	Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON								
Ski Lift Dept.	\$16.18	100.0%	- %	12.9%	7.8%	2.7%	76.6%	(43)
Ski School	1.78	100.0%	-	46.1	4.8	10.0	39.1	(40)
Food Service	3.24	100.0%	34.6	24.1	7.7	4.3	29.3	(36)
Bar	1.07	100.0%	26.0	14.7	7.5	2.0	49.8	(30)
Retail	2.10	100.0%	53.2	8.6	2.8	1.8	33.6	(23)
Rental	1.60	100.0%	9.8 ^b	15.8	3.1	3.0	68.3	(35)
Accommodations	-	100.0%	-	24.3	31.2	5.8	38.7	(20)
Other	.65	100.0%	3.8	21.1	9.8	4.9	60.4	(40)
	<u>\$26.62</u>							
YEAR-ROUND								
Real Estate		100.0%	75.6	1.4	4.8	0.3	17.9	(11)
Utility		100.0%	-	24.9	53.5	5.8	15.8	(6)
Miscellaneous		100.0%	0.3	4.7	5.0	0.9	89.1	(24)
SUMMER SEASON								
Lift Department		100.0%	-	27.6	7.0	6.3	59.1	(11)
Food Service		100.0%	37.9	39.6	11.9	6.3	4.3	(23)
Retail		100.0%	52.5	20.5	9.1	4.1	13.8	(12)
Sports		100.0%	-	36.2	23.9	10.3	29.6	(11)
Accommodations		100.0%	-	32.5	34.6	7.4	25.5	(16)
Slide		100.0%	0.3	26.5	10.1	4.9	58.2	(7)
Other		100.0%	19.3	21.0	24.7	5.7	29.3	(15)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 43
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
BOTTOM PROFIT SKI AREAS, 1985-86

	Gross Sales		Less:				Gross Margin	Base
	Per S-V ^a	%	Cost of					
			Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON								
Ski Lift Dept.	\$14.28	100.0%	- %	18.4%	13.2%	2.9%	65.5	(44)
Ski School	1.45	100.0%	-	50.4	11.7	7.9	30.0	(35)
Food Service	3.22	100.0%	35.6	27.8	11.3	3.6	21.7	(34)
Bar	1.16	100.0%	28.4	16.2	9.9	2.3	43.2	(30)
Retail	1.77	100.0%	53.4	11.2	5.5	1.7	28.2	(26)
Rental	1.42	100.0%	16.4 ^b	18.8	6.8	2.8	55.2	(33)
Accommodations	-	100.0%	-	25.2	40.1	2.9	31.8	(14)
Other	.84	100.0%	4.7	34.5	23.2	5.7	31.9	(32)
	<u>\$24.14</u>							
YEAR-ROUND								
Real Estate		100.0%	64.4	7.9	6.9	0.8	20.0	(4)
Utility		100.0%	-	27.2	127.6	5.8	(60.6)	(5)
Miscellaneous		100.0%	7.0	5.4	11.2	0.5	75.9	(22)
SUMMER SEASON								
Lift Department		100.0%	-	79.6	67.3	10.9	(57.8)	(14)
Food Service		100.0%	37.8	38.2	18.9	4.4	0.7	(20)
Retail		100.0%	58.5	21.9	7.6	3.4	8.6	(11)
Sports		100.0%	-	33.9	38.6	3.3	24.2	(8)
Accommodations		100.0%	-	30.7	44.8	3.3	21.2	(10)
Slide		100.0%	0.0	17.0	8.1	3.5	71.4	(4)
Other		100.0%	0.0	52.6	76.9	8.6	(38.1)	(8)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 44
AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
LOSS SKI AREAS, 1985-86

	Gross Sales		Less:				Gross Margin	Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON								
Ski Lift Dept.	\$16.45	100.0%	- %	23.0%	13.4%	2.8%	60.8%	(37)
Ski School	2.58	100.0%	-	54.9	7.5	6.1	31.5	(34)
Food Service	3.77	100.0%	30.7	34.1	15.3	4.1	15.8	(29)
Bar	1.01	100.0%	24.0	15.1	9.4	2.6	48.9	(24)
Retail	1.27	100.0%	53.4	15.8	6.8	2.0	22.0	(21)
Rental	1.24	100.0%	7.5 ^b	21.4	7.4	2.9	60.8	(28)
Accommodations	-	100.0%	-	36.4	31.8	4.9	26.9	(12)
Other	.59	100.0%	14.2	49.2	32.9	7.6	(3.9)	(30)
	<u>\$26.91</u>							
YEAR-ROUND								
Real Estate		100.0%	64.5	13.4	29.0	2.2	(9.1)	(6)
Utility		100.0%	-	52.0	63.1	25.4	(40.5)	(6)
Miscellaneous		100.0%	0.2	1.6	3.3	0.1	94.8	(21)
SUMMER SEASON								
Lift Department		100.0%	-	66.5	30.4	10.8	(7.7)	(8)
Food Service		100.0%	34.5	51.3	32.3	6.9	(25.0)	(12)
Retail		100.0%	67.1	26.4	18.5	4.0	(16.0)	(8)
Sports		100.0%	-	86.7	82.2	11.4	(80.3)	(9)
Accommodations		100.0%	-	31.5	15.7	5.1	47.7	(5)
Slide		100.0%	0.0	33.1	21.7	5.7	39.5	(1)
Other		100.0%	4.7	33.6	32.1	7.0	22.6	(6)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 45
AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
VACATION ORIENTED SKI AREAS, 1985-86

	Gross Sales		Less:					Gross Margin	Base
	Per S-V ^a	%	Cost of						
			Goods Sold	Direct Labor	Direct Other	Payroll Taxes			
WINTER SEASON									
Ski Lift Dept.	\$17.24	100.0%	- %	17.2%	11.0%	2.4%	69.4%	(33)	
Ski School	2.29	100.0%	-	53.2	6.3	8.4	32.1	(32)	
Food Service	3.78	100.0%	30.4	30.4	13.1	4.0	22.1	(26)	
Bar	1.12	100.0%	24.3	13.3	8.2	2.0	52.2	(24)	
Retail	1.43	100.0%	48.8	10.3	3.1	1.7	36.1	(18)	
Rental	1.05	100.0%	10.4 ^b	17.9	5.1	3.5	63.1	(23)	
Accommodations	-	100.0%	-	27.9	32.1	5.2	34.8	(16)	
Other	.66	100.0%	8.3	38.1	23.5	6.7	23.4	(30)	
	<u>\$27.57</u>								
YEAR-ROUND									
Real Estate		100.0%	67.6	6.0	15.6	0.4	10.4	(12)	
Utility		100.0%	-	30.3	40.2	16.3	13.2	(9)	
Miscellaneous		100.0%	2.6	3.5	8.8	0.3	84.8	(23)	
SUMMER SEASON									
Lift Department		100.0%	-	64.4	44.1	11.0	(19.5)	(15)	
Food Service		100.0%	37.2	45.3	23.3	5.9	(11.7)	(21)	
Retail		100.0%	58.4	23.5	8.9	5.6	3.6	(14)	
Sports		100.0%	-	50.4	35.6	11.6	2.4	(15)	
Accommodations		100.0%	-	31.1	28.4	6.2	34.3	(13)	
Slide		100.0%	0.0	26.6	10.0	6.0	57.4	(4)	
Other		100.0%	12.3	23.3	21.3	6.3	36.8	(8)	

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 46
AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
DAY SKI AREAS, 1985-86

	Gross Sales		Less:				Gross Margin	Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON								
Ski Lift Dept.	\$12.63	100.0%	- %	18.8%	12.1%	3.5%	65.6%	(64)
Ski School	1.39	100.0%	-	42.7	9.7	7.7	39.9	(56)
Food Service	2.75	100.0%	37.0	23.9	9.8	3.9	25.4	(55)
Bar	1.20	100.0%	27.7	16.0	9.9	2.3	44.1	(45)
Retail	1.87	100.0%	56.5	11.8	5.5	1.9	24.3	(36)
Rental	1.95	100.0%	12.1 ^b	17.2	5.0	2.8	62.9	(54)
Accommodations	-	100.0%	-	27.9	40.2	6.9	25.0	(18)
Other	.53	100.0%	7.0	25.3	17.5	5.4	44.8	(53)
	<u>\$22.32</u>							
YEAR-ROUND								
Real Estate		100.0%	7.7	138.5	233.3	35.9	(315.4)	(1)
Utility		100.0%	-	61.5	156.4	15.5	(133.4)	(5)
Miscellaneous		100.0%	2.8	5.0	2.3	0.9	89.0	(28)
SUMMER SEASON								
Lift Department		100.0%	-	171.9	115.6	33.3	(220.8)	(9)
Food Service		100.0%	35.6	36.1	14.7	4.5	9.1	(19)
Retail		100.0%	68.9	30.0	11.0	3.7	(13.6)	(8)
Sports		100.0%	-	34.0	40.8	4.6	20.6	(6)
Accommodations		100.0%	-	26.1	33.2	3.5	37.2	(9)
Slide		100.0%	0.0	17.4	11.7	1.9	69.0	(3)
Other		100.0%	0.1	48.7	76.9	8.3	(34.0)	(13)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 47
AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
WEEKEND SKI AREAS, 1985-86

	Gross Sales		Less:				Gross Margin	Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON								
Ski Lift Dept.	\$16.87	100.0%	- %	14.4%	8.3%	2.9%	74.4%	(27)
Ski School	1.54	100.0%	-	48.3	6.6	8.5	36.6	(21)
Food Service	3.52	100.0%	37.8	27.7	6.6	4.5	23.4	(18)
Bar	.76	100.0%	29.8	20.4	7.0	3.1	39.7	(15)
Retail	2.30	100.0%	55.4	10.3	4.7	1.8	27.8	(16)
Rental	1.37	100.0%	9.6 ^b	19.5	5.2	2.5	63.2	(19)
Accommodations	-	100.0%	-	24.7	32.6	4.3	38.4	(12)
Other	.98	100.0%	2.1	24.6	12.4	4.3	56.6	(19)
	<u>\$27.34</u>							
YEAR-ROUND								
Real Estate		100.0%	71.5	8.6	14.2	1.9	3.8	(8)
Utility		100.0%	-	25.3	57.2	5.3	12.2	(3)
Miscellaneous		100.0%	0.1	4.4	1.9	0.8	92.8	(16)
SUMMER SEASON								
Lift Department		100.0%	-	16.9	3.9	1.8	77.4	(9)
Food Service		100.0%	37.7	41.3	13.3	7.5	0.2	(15)
Retail		100.0%	52.7	19.2	11.2	3.1	13.8	(9)
Sports		100.0%	-	33.6	32.3	6.8	27.3	(7)
Accommodations		100.0%	-	38.4	45.6	8.2	7.8	(9)
Slide		100.0%	0.5	28.4	8.8	5.9	56.4	(5)
Other		100.0%	41.6	30.0	10.5	4.2	13.7	(8)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 48
SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas				Average Concession Revenue ^a (000)
	Do Not Have	Own	Concession	Both	
WINTER SEASON:					
Ski School	3.2%	87.1%	8.9%	0.8%	\$15.1
Food Service	1.6	75.0	18.5	4.8	55.9
Bar	12.1	68.5	16.9	2.4	35.3
Retail Shop	12.9	54.0	30.6	2.4	37.9
Rental Shop	8.1	77.4	14.5	0.0	64.4
Accommodations	61.3	33.9	1.6	3.2	115.5
SUMMER SEASON:					
Food Service	50.0%	41.9%	5.6%	2.4%	\$11.9
Retail Shop	71.8	25.0	3.2	0.0	45.0
Sports Department	77.4	21.0	0.0	1.6	5.0
Accommodations	75.0	23.4	0.0	1.6	22.0
Summer Slide	89.5	9.7	0.8	0.0	25.0

^aFor those areas having concessions.

TABLE 49
NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom- moda- tions	Other	Total ^a	Full Time Equiva- lent
Total Sample	44	37	36	7	6	9	29	58	185	51
Geographic:										
New England	33	32	31	6	8	7	43	64	178	35
East	42	22	31	7	3	11	31	36	161	58
Midwest	25	8	17	4	3	9	16	20	83	17
Central Rockies	68	93	67	8	8	10	47	111	322	50
Northern Rockies	46	30	24	5	6	6	15	52	147	64
California & Nevada	70	45	53	10	7	14	31	103	279	93
Pacific Northwest	34	18	22	8	6	5	14	30	114	43
Type:										
Day	33	21	16	5	5	8	12	26	106	43
Weekend	46	28	36	5	6	9	28	63	175	67
Vacation	66	73	74	13	10	11	51	113	351	52
Profitability:										
Top Profit	54	45	41	8	6	12	29	80	226	53
Bottom Profit	37	20	23	6	6	7	25	35	126	40
Loss	43	47	44	7	6	9	36	62	207	61
By Size (000) (VTF/Hour)										
Under 2,500	19	10	11	2	2	7	20	15	67	21
2,500 - 3,999	25	21	16	4	4	8	9	41	101	19
4,000 - 5,499	29	22	24	5	3	6	31	31	116	13
5,500 - 9,999	63	38	32	11	8	10	16	53	195	97
10,000+	84	86	91	13	12	14	60	128	432	98

^aWill not add due to various different base responses.

TABLE 50
NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom- moda- tions	Other	Total ^a	Full Time Equiva- lent
Total Sample	63	64	55	11	9	15	43	76	280	61
Geographic:										
New England	47	61	50	10	10	12	73	87	282	35
East & Ontario	63	51	46	10	6	19	41	49	253	72
Midwest	36	17	29	9	4	16	21	20	132	24
Central Rockies	89	130	83	11	13	14	61	161	429	65
Northern Rockies	51	52	36	7	9	8	21	56	196	75
California & Nevada	115	77	91	13	12	20	37	125	433	111
Pacific Northwest	48	65	39	14	8	11	23	40	188	60
Type:										
Day	50	44	27	8	6	14	19	30	171	51
Weekend	72	55	64	8	10	14	37	90	285	87
Vacation	77	107	98	19	15	16	73	152	480	60
Profitability:										
Top Profit	71	78	58	12	9	18	50	104	331	51
Bottom Profit	57	46	47	10	9	13	33	46	220	62
Loss	58	69	59	11	9	13	46	86	294	73
By Size (000) (VTF/Hour)										
Under 2,500	29	25	19	5	4	12	33	19	117	33
2,500 - 3,999	37	50	29	7	6	15	12	61	174	34
4,000 - 5,499	43	45	36	8	4	12	39	44	185	19
5,500 - 9,999	81	66	43	16	10	15	21	59	263	110
10,000+	117	128	134	20	19	20	93	172	619	106

^aWill not add due to various different base responses.

TABLE 51
SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	5.9%	4.4%	6.6%	7.9%	_____
Ski Patrol Payroll	2.7	2.4	2.8	3.3	_____
Slope Maintenance Payroll	2.2	2.0	2.2	2.5	_____
Maintenance & Repair Payroll	3.7	2.8	4.2	4.8	_____
Ticket Sales Payroll	1.3	1.1	1.2	1.5	_____
Other Payroll	1.5	0.9	0.9	2.9	_____
TOTAL PAYROLL	17.3%	13.6%	18.0%	22.9%	_____
PAYROLL TAXES	2.8%	3.1%	2.5%	2.8%	_____
OTHER DIRECT	10.8%	8.8%	12.1%	12.8%	_____
GROSS MARGIN	69.1%	74.5%	67.4%	61.7%	_____%
Base	(81)	(30)	(24)	(27)	_____

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 53 summarizes the significant ski area characteristics, while Table 54 presents the eight critical variables by geographic location. Tables 55-57 contain average regional area income statements compared to both gross fixed assets and revenue. Table 58 illustrates lift department direct costs. Table 59 breaks out the regional balance sheets. Table 60 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas, while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 52 summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. Only two regions improved in 1985-86: the New England region and the East and Ontario regions.

The East and Ontario areas reported the best operating profit on GFA in 1985-86—10.7 percent. The New England region with 8.1 percent and the Midwest region with 8.0 percent followed. This compares to 5.2 percent for the average area.

The New England and Midwest areas continue to show good performance for the third year in a row, while the areas in the Rockies and the Pacific Northwest all declined considerably.

The Central Rockies recorded their poorest performance since 1976-77 with a 2.2 percent figure. The Pacific Northwest region also recorded disappointing results—the poorest performance since the 1980-81 season with a 3.9 percent figure. The Northern Rockies continued their lackluster performance.

The California/Nevada region had a decline in skier visits and profits compared to the 1984-85 season recording a 6.4 percent operating profit on GFA.

TABLE 52
FIVE YEAR COMPARISON
OPERATING PROFIT ON GFA

	1985-86	1984-85	1983-84	1982-83	1981-82
New England	8.1%	7.3%	9.8%	2.8%	10.7%
East & Ontario	10.7	3.7	8.6	2.7	13.8
Midwest	8.0	9.3	8.6	Loss	6.1
Central Rockies	2.2	8.3	9.6	8.3	13.0
Northern Rockies	0.6	0.5	2.8	2.7	23.2
California & Nevada	6.4	9.6	5.7	9.0	23.1
Pacific Northwest	3.9	5.8	4.2	5.3	6.5
TOTAL SAMPLE	5.2%	7.1%	7.7%	5.7%	14.6%

TABLE 53

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SIZE							
VTF/Hour (000)	6,595	3,714	2,106	12,009	6,777	11,677	7,319
Gross Fixed Assets (000)	\$11,108	\$6,287	\$2,250	\$20,419	\$7,910	\$15,158	\$8,159
Skiable Acres	187	134	79	796	1,051	1,372	1,063
Total Acres	1,221	814	314	2,625	2,135	2,445	2,054
LOCATION							
Within 50 Miles of SMSA	35%	47%	47%	16%	55%	50%	15%
With 6+ Areas in 1 Hour	79%	16%	7%	5%	27%	50%	15%
SITE CHARACTERISTICS							
Number of Beds at Base ^a	1,204	526	201	4,211	976	4,669	910
Number of Beds (10 Miles) ^a	3,385	1,830	1,122	7,306	2,737	9,396	2,633
With Snowmaking	96%	100%	93%	84%	27%	38%	20%
With Night Skiing	38%	84%	80%	0%	18%	31%	40%
Terrain: Beginner	27%	27%	27%	24%	21%	22%	23%
Intermediate	55%	46%	53%	42%	51%	53%	47%
Expert	19%	26%	20%	34%	28%	26%	30%
BUSINESS CHARACTERISTICS							
Operating With USFS Permit	29%	0%	20%	100%	100%	93%	58%
Engaged in Land Development	63%	58%	27%	58%	36%	13%	30%
OPERATIONAL CHARACTERISTICS							
Average Days/Nights of Operation	119	113	135	126	129	140	148
Average Peak Day Crowd	4,788	4,033	2,290	6,719	3,250	6,580	4,386
Average Skier Visits (000)	209	147	71	402	162	319	183
Average Age of Ski Areas	29 years	24 years	28 years	28 years	31 years	29 years	24 years
ECONOMIC CHARACTERISTICS							
Average Revenue/Skier Visit	\$19.76	\$18.08	\$14.27	\$19.13	\$14.71	\$21.81	\$15.88
Avg. Lift Ticket Revenue/S-V	\$15.58	\$13.71	\$10.63	\$17.05	\$12.79	\$18.55	\$13.36
Avg. Adult Lift Ticket Price: (Weekend)	\$22.24	\$21.34	\$16.53	\$22.95	\$17.27	\$21.53	\$18.40
(Weekday)	\$20.04	\$16.33	\$12.28	\$22.79	\$16.64	\$20.78	\$16.95

TABLE 53 (Continued)

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Average Night Ticket Price: (Weekend)	\$11.72	\$12.38	\$10.50	\$ -	\$ 9.50	\$11.20	\$11.31
(Weekday)	\$12.69	\$11.88	\$ 9.89	\$ -	\$ 9.50	\$10.88	\$10.94
Avg. Adult Season Ticket Price	\$ 427	\$ 321	\$ 235	\$ 511	\$ 322	\$ 461	\$ 369
Average Utilization	40.1%	52.1%	24.6%	49.3%	35.4%	25.7%	\$22.9%
Average Profit (Loss) Before Tax	\$ 427	\$ 378	\$ 90	\$ (626)	\$ (240)	\$ 543	\$ 10
Ratio: Revenue/GFA	46.3%	45.5%	49.9%	37.3%	32.7%	48.7%	36.7%
Base	(24)	(19)	(15)	(19)	(11)	(16)	(20)

^aAverage of those areas reporting beds.

TABLE 54

ECONOMIC RATIOS BY GEOGRAPHIC LOCATION

Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
VTF/Hour (000)	A 6,595	3,714	2,106	12,009	6,777	11,677	7,319
VTF/Hour - Demand/Skier Capacity	B 1,500	1,500	1,000	2,000	2,000	1,500	1,500
Skier Capacity	C 4,397	2,476	2,106	6,005	3,388	7,785	4,880
Days/Nights of Operation	D 119	113	135	126	129	140	148
Season Capacity (000)	E 521	282	289	816	458	1,239	799
Day Season Capacity (000)	459	208	198	816	437	1,206	730
Night Season Capacity (000)	165	88	114	0	116	107	173
Actual Skier Visits (000)	209	147	71	402	162	319	183
Day Skier Visits (000)	190	117	52	402	157	315	177
Night Skier Visits (000)	50	44	24	0	29	15	34
Profit (Loss) Before Tax (000)	G \$ 427	\$ 378	\$ 90	\$ (626)	\$ (240)	\$ 543	\$ 10
Plus: Depreciation (000)	H \$ 634	\$ 425	\$ 133	\$ 1,369	\$ 470	\$ 1,250	\$ 465
Before Tax Cash Flow (000)	I \$ 1,061	\$ 803	\$ 223	\$ 743	\$ 230	\$ 1,793	\$ 475
Operating Profit (Loss) (000)	J \$ 904	\$ 672	\$ 180	\$ 456	\$ 50	\$ 971	\$ 320
Cash Operating Costs (000)	K \$ 3,605	\$ 1,765	\$ 809	\$ 5,806	\$ 2,068	\$ 5,156	\$ 2,211
Gross Fixed Assets (000)	L \$ 11,108	\$ 6,287	\$ 2,250	\$ 20,419	\$ 7,910	\$ 15,158	\$ 8,159
Long Term Debt (000)	M \$ 4,525	\$ 1,890	\$ 649	\$ 13,666	\$ 3,404	\$ 3,244	\$ 4,435
Equity (000)	N \$ 3,611	\$ 1,528	\$ 391	\$ 10,344	\$ 2,672	\$ 5,445	\$ 1,353
Critical Ratios							
1. Health (Debt to Cash Flow)	4.3X	2.4X	2.9X	18.4X	14.8X	1.8X	9.3X
Profitability:							
2. Operating Profit on GFA	8.1%	10.7%	8.0%	2.2%	0.6%	6.4%	3.9%
3. Profit (BT) on Equity	11.8%	24.7%	23.0%	Loss	Loss	10.0%	0.7%
Performance:							
4. Average Utilization	40.1%	52.1%	24.6%	49.3%	35.4%	25.7%	22.9%
Day Utilization	41.4%	56.3%	26.3%	49.3%	35.9%	26.1%	24.2%
Night Utilization	30.3%	50.0%	21.1%	-	25.0%	14.0%	19.6%
5. Days/Nights of Operation	119	113	135	126	129	140	148

TABLE 54 (Continued)

ECONOMIC RATIOS—BY GEOGRAPHIC LOCATION

Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Policy & Planning:							
6. Capital/Capacity Ratio	\$2,526	\$2,539	\$1,068	\$3,400	\$2,335	\$1,947	\$1,672
7. Operating Cost/Capacity Ratio	\$ 6.92	\$ 6.26	\$ 2.80	\$ 7.12	\$ 4.52	\$ 4.16	\$ 2.77
Revenue/Skier Visit: (Average of All Areas)							
Ski Lift Gross	\$15.58	\$13.71	\$10.63	\$17.05	\$12.79	\$18.55	\$13.36
Ski School Margin	\$.67	\$.82	\$.19	\$.85	\$.48	\$.50	\$.18
Food Service Margin	\$.97	\$.99	\$.73	\$.43	\$.60	\$.68	\$.64
Bar Margin	\$.60	\$.53	\$.52	\$.26	\$.14	\$.25	\$.47
Ski Shop Margin	\$.75	\$.32	\$.28	\$.17	\$.15	\$.64	\$.35
Ski Rental Margin	\$.91	\$ 1.57	\$ 1.61	\$.33	\$.36	\$.76	\$.44
Other Margin	\$.28	\$.14	\$.31	\$.04	\$.19	\$.43	\$.44
8. Total - Revenue/Skier Visit	\$19.76	\$18.08	\$14.27	\$19.13	\$14.71	\$21.81	\$15.88
Base	(24)	(19)	(15)	(19)	(11)	(16)	(20)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Gross Fixed Assets	\$11,108	\$6,287	\$2,250	\$20,419	\$7,910	\$15,158	\$8,159
Revenue:							
Ski Lift Gross - Winter	\$ 3,253	\$2,008	\$ 757	\$ 6,859	\$2,072	\$ 5,911	\$2,439
Ski Lift Gross - Summer	56	1	3	40	45	149	46
Supporting Margin - Winter	1,080	696	304	878	337	1,161	498
Supporting Margin - Summer	275	98	51	(108)	(2)	(14)	7
Year Round Margin	479	59	7	(38)	136	170	6
TOTAL REVENUE	\$ 5,143	\$2,862	\$1,122	\$ 7,631	\$2,588	\$ 7,377	\$2,996
Less:							
Ski Lift Direct Expense	\$ 717	\$ 478	\$ 237	\$ 2,354	\$ 761	\$ 1,367	\$ 898
Payroll Taxes	87	48	21	162	80	217	82
Property Operation	613	97	45	135	40	490	103
OPERATIONS MARGIN	\$ 3,726	\$2,239	\$ 819	\$ 4,980	\$1,707	\$ 5,303	\$1,913
Less:							
General & Administrative	\$ 672	\$ 359	\$ 188	\$ 1,295	\$ 567	\$ 1,468	\$ 538
Marketing (advertising, public relations, promotion, etc.)	512	190	65	653	201	374	236
Insurance (property, liability)	298	207	114	346	242	563	172
Land Use Fees (public)	73	1	3	287	42	173	76
Land Use Fees (private)	24	1	11	34	15	0	10
Property Taxes	58	41	20	170	74	104	56
Other Taxes (except income)	81	24	33	70	8	103	6
Snowmaking	319	287	57	195	21	105	1
Snow Removal	13	3	1	22	9	30	18
Miscellaneous	138	29	14	83	8	162	15
Depreciation & Amortization	634	425	133	1,369	470	1,250	465
OPERATING PROFIT (LOSS)	\$ 904	\$ 672	\$ 180	\$ 456	\$ 50	\$ 971	\$ 320
Less: Interest	477	294	90	1,082	290	428	310
PROFIT (LOSS) BEFORE TAX	\$ 427	\$ 378	\$ 90	\$ (626)	\$ (240)	\$ 543	\$ 10
Base	(24)	(19)	(15)	(19)	(11)	(16)	(20)

TABLE 56
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:							
Ski Lift Gross - Winter	29.3%	31.9%	33.6%	33.6%	26.2%	39.0%	29.9%
Ski Lift Gross - Summer	0.5	0.0	0.1	0.2	0.6	1.0	0.6
Supporting Margin - Winter	9.7	11.1	13.5	4.3	4.3	7.7	6.0
Supporting Margin - Summer	2.5	1.6	2.3	(0.5)	0.0	(0.1)	0.1
Year Round Margin	4.3	0.9	0.4	(0.3)	1.6	1.1	0.1
TOTAL REVENUE	46.3%	45.5%	49.9%	37.3%	32.7%	48.7%	36.7%
Less:							
Ski Lift Direct Expense	6.5%	7.6%	10.5%	11.5%	9.6%	9.0%	11.0%
Payroll Taxes	0.8	0.8	0.9	0.8	1.0	1.4	1.0
Property Operation	5.5	1.5	2.1	0.6	0.5	3.3	1.3
OPERATIONS MARGIN	33.5%	35.6%	36.4%	24.4%	21.6%	35.0%	23.4%
Less:							
General & Administrative	6.0%	5.7%	8.4%	6.3%	7.2%	9.7%	6.6%
Marketing (advertising, public relations, promotion, etc.)	4.6	3.0	2.9	3.2	2.5	2.5	2.9
Insurance (property, liability)	2.7	3.3	5.1	1.7	3.1	3.7	2.1
Land Use Fees (public)	0.7	0.0	0.1	1.4	0.5	1.1	0.8
Land Use Fees (private)	0.2	0.0	0.5	0.2	0.2	0.0	0.1
Property Taxes	0.5	0.7	0.9	0.8	0.9	0.7	0.6
Other Taxes (except income)	0.7	0.4	1.5	0.3	0.1	0.7	0.1
Snowmaking	2.9	4.6	2.5	1.0	0.3	0.7	0.0
Snow Removal	0.1	0.0	0.0	0.1	0.1	0.2	0.2
Miscellaneous	1.3	0.4	0.6	0.5	0.2	1.1	0.2
Depreciation & Amortization	5.7	6.8	5.9	6.7	5.9	8.2	5.9
OPERATING PROFIT (LOSS)	8.1%	10.7%	8.0%	2.2%	0.6%	6.4%	3.9%
Less: Interest	4.3	4.7	4.0	5.3	3.6	2.8	3.8
PROFIT (LOSS) BEFORE TAX	3.8%	6.0%	4.0%	(3.1)%	(3.0)%	3.6%	0.1%
Base	(24)	(19)	(15)	(19)	(11)	(16)	(20)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Revenue						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Revenue:							
Ski Lift Gross - Winter	63.3%	70.2%	67.5%	89.9%	80.1%	80.1%	81.4%
Ski Lift Gross - Summer	1.1	0.0	0.3	0.5	1.7	2.0	1.5
Supporting Margin - Winter	21.0	24.3	27.1	11.5	13.0	15.7	16.6
Supporting Margin - Summer	5.3	3.4	4.5	(1.4)	(0.1)	(0.2)	0.2
Year Round Margin	9.3	2.1	0.6	(0.5)	5.3	2.4	0.3
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:							
Ski Lift Direct Expense	13.9%	16.7%	21.1%	30.8%	29.4%	18.5%	30.0%
Payroll Taxes	1.7	1.7	1.9	2.1	3.1	2.9	2.7
Property Operation	12.0	3.4	4.0	1.8	1.5	6.7	3.4
OPERATIONS MARGIN	72.4%	78.2%	73.0%	65.3%	66.0%	71.9%	63.9%
Less:							
General & Administrative	13.1%	12.5%	16.8%	17.0%	21.9%	19.9%	18.0%
Marketing (advertising, public relations, promotion, etc.)	10.0	6.6	5.8	8.6	7.8	5.1	7.9
Insurance (property, liability)-	5.8	7.2	10.2	4.5	9.4	7.6	5.7
Land Use Fees (public)	1.4	0.0	0.3	3.8	1.6	2.3	2.5
Land Use Fees (private)	0.5	0.0	1.0	0.4	0.6	0.0	0.3
Property Taxes	1.1	1.4	1.8	2.2	2.9	1.4	1.9
Other Taxes (except income)	1.6	0.9	2.9	0.9	0.3	1.4	0.2
Snowmaking	6.2	10.0	5.1	2.6	0.8	1.4	0.0
Snow Removal	0.2	0.1	0.1	0.3	0.3	0.4	0.6
Miscellaneous	2.6	1.1	1.1	1.1	0.3	2.3	0.6
Depreciating & Amortization	12.3	14.9	11.9	17.9	18.2	16.9	15.5
OPERATING PROFIT (LOSS)	17.6%	23.5%	16.0%	6.6%	1.9%	13.2%	10.7%
Less: Interest	9.3	10.3	8.0	14.2	11.2	5.8	10.4
PROFIT (LOSS) BEFORE TAX	8.3%	13.2%	8.0%	(8.2)%	(9.3)%	7.4%	0.3%
Base	(24)	(19)	(15)	(19)	(11)	(16)	(20)

TABLE 58

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SKI LIFT GROSS: Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:							
Ski Lift Payroll	4.2%	4.8%	14.3%	6.4%	6.1%	5.8%	6.8%
Ski Patrol Payroll	1.6	1.2	0.8	3.5	4.4	2.7	2.5
Slope Maintenance Payroll	1.6	1.5	0.8	2.3	3.1	2.7	2.5
Maintenance & Repair Payroll	2.4	2.3	2.8	4.4	3.9	4.4	4.1
Ticket Sales Payroll	0.9	0.7	1.3	1.6	1.5	1.2	1.2
Other Payroll	0.9	0.4	0.4	2.7	0.9	0.9	0.8
TOTAL PAYROLL	11.6%	10.9%	20.4%	20.9%	20.0%	17.7%	17.9%
PAYROLL TAXES	2.6%	2.2%	3.7%	2.3%	3.7%	4.8%	2.7%
OTHER DIRECT	7.1%	9.6%	9.5%	12.1%	14.1%	10.8%	11.4%
GROSS MARGIN	78.7%	77.3%	66.4%	64.7%	62.2%	66.7%	68.0%
Base	(17)	(10)	(7)	(15)	(11)	(9)	(12)

TABLE 59

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEET
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Assets							
Current Assets	\$ 3,057	\$ 873	\$ 270	\$ 4,221	\$ 959	\$ 1,967	\$ 936
Gross Fixed Assets	11,243	6,465	2,268	21,453	7,910	15,937	8,350
Less: Depreciation	(4,301)	(3,035)	(1,267)	(5,076)	(2,983)	(8,159)	(2,663)
Other Assets	2,009	614	82	7,703	989	1,574	435
TOTAL ASSETS	\$12,008	\$4,917	\$1,353	\$28,301	\$6,875	\$11,309	\$7,058
Liabilities & Net Worth							
Current Liabilities	\$ 2,857	\$1,321	\$ 300	\$ 2,214	\$ 604	\$ 1,897	\$ 831
Long-Term Debt	3,289	1,719	607	12,704	1,613	2,175	4,004
Subordinated Debt	1,236	171	42	962	1,791	1,069	431
Deferred Taxes	347	112	13	272	78	163	81
Other Liabilities	668	66	0	1,805	117	560	358
Net Worth							
Invested	2,276	967	201	7,470	1,633	1,238	1,518
Retained Earnings	1,335	561	190	2,874	1,039	4,207	(165)
TOTAL LIABILITIES & NET WORTH	\$12,008	\$4,917	\$1,353	\$28,301	\$6,875	\$11,309	\$7,058
Base	(23)	(18)	(13)	(18)	(11)	(15)	(19)

TABLE 60
 AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
 NEW ENGLAND SKI AREAS, 1985-86

	Gross Sales		Less:				Gross Margin	Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON:								
Ski Lift Dept.	\$15.58	100.0%	- %	12.8%	8.1%	2.5%	76.6%	(24)
Ski School	1.65	100.0%	-	41.2	7.2	8.0	43.6	(21)
Food Service	3.84	100.0%	34.3	24.2	10.3	4.3	26.9	(18)
Bar	1.33	100.0%	25.1	12.2	6.9	2.2	53.6	(17)
Retail	3.03	100.0%	55.5	8.6	3.6	1.8	30.5	(14)
Rental	1.36	100.0%	8.4 ^b	13.7	4.0	2.7	71.2	(20)
Accommodations	-	100.0%	-	23.6	36.6	6.0	33.8	(13)
Other	.80	100.0%	5.3	31.5	20.4	6.9	35.9	(19)
	<u>\$27.59</u>							
YEAR ROUND:								
Real Estate		100.0%	76.9	1.9	4.0	0.3	16.9	(11)
Utility		100.0%	-	24.7	55.1	5.7	14.5	(6)
Miscellaneous		100.0%	0.5	8.7	15.0	1.2	74.6	(12)
SUMMER SEASON:								
Lift Department		100.0%	-	45.0	22.8	10.8	21.4	(9)
Food Service		100.0%	37.1	36.1	13.9	5.0	7.9	(18)
Retail		100.0%	55.9	20.4	12.4	5.0	6.3	(11)
Sports		100.0%	-	41.5	34.3	10.6	13.6	(11)
Accommodations		100.0%	-	28.7	30.1	6.0	35.2	(13)
Slide		100.0%	0.4	19.6	7.7	2.9	69.4	(6)
Other		100.0%	12.0	20.5	18.7	5.2	43.6	(12)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
EAST & ONTARIO SKI AREAS, 1985-86

	Gross Sales		Less:					Gross Margin	Base
	Per S-V ^a	%	Cost of						
			Goods Sold	Direct Labor	Direct Other	Payroll Taxes			
WINTER SEASON:									
Ski Lift Dept.	\$13.71	100.0%	- %	11.6%	10.6%	2.3%	75.5%	(19)	
Ski School	1.63	100.0%	-	34.4	6.2	7.0	52.4	(18)	
Food Service	3.36	100.0%	54.3	22.4	8.9	4.0	30.4	(16)	
Bar	1.71	100.0%	25.5	15.0	9.9	1.6	48.0	(12)	
Retail	1.42	100.0%	51.4	9.8	1.7	0.8	36.3	(6)	
Rental	2.46	100.0%	9.6 ^b	12.2	3.2	2.3	72.7	(16)	
Accommodations	-	100.0%	-	22.8	40.8	3.2	33.2	(9)	
Other	.34	100.0%	5.3	26.3	20.9	4.7	42.8	(18)	
	<u>\$24.63</u>								
YEAR ROUND:									
Real Estate		100.0%	0.0	-	-	-	-	(0)	
Utility		100.0%	-	46.0	39.8	0.3	13.9	(3)	
Miscellaneous		100.0%	4.7	9.2	11.4	1.7	73.0	(14)	
SUMMER SEASON:									
Lift Department		100.0%	-	320.0	273.3	46.7	(540.0)	(3)	
Food Service		100.0%	35.5	32.5	12.0	4.2	15.8	(7)	
Retail		100.0%	63.6	25.0	5.2	1.3	4.9	(4)	
Sports		100.0%	-	42.3	49.3	7.4	1.0	(6)	
Accommodations		100.0%	-	24.2	35.2	2.7	37.9	(5)	
Slide		100.0%	-	27.0	11.2	5.8	56.0	(3)	
Other		100.0%	14.6	9.8	7.3	0.0	68.3	(4)	

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1985-86

	Gross Sales		Less:					Base
	Per	%	Cost of	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	
	S-V ^a		Goods Sold					
WINTER SEASON:								
Ski Lift Dept.	\$10.63	100.0%	- %	17.3%	13.8%	2.8%	66.1%	(15)
Ski School	.80	100.0%	- }	49.4	11.6	6.8	32.2	(11)
Food Service	2.88	100.0%	35.8	24.1	10.1	3.0	27.0	(14)
Bar	1.50	100.0%	27.3	14.2	16.8	2.0	39.7	(11)
Retail	1.20	100.0%	58.7	11.9	6.2	1.7	21.5	(10)
Rental	2.63	100.0%	10.1 ^b	16.9	6.7	2.1	64.2	(14)
Accommodations	-	100.0%	-	21.7	33.3	2.0	43.0	(7)
Other	.54	100.0%	3.0	15.2	13.5	0.5	67.8	(11)
	<u>\$20.18</u>							
YEAR ROUND:								
Real Estate		100.0%	24.5	0.0	0.0	0.0	75.5	(1)
Utility		100.0%	-	37.5	625.0	0.0	(562.5)	(1)
Miscellaneous		100.0%	0.0	0.0	0.0	0.0	100.0	(1)
SUMMER SEASON:								
Lift Department		100.0%	-	16.0	10.0	0.0	74.0	(1)
Food Service		100.0%	34.9	27.9	9.3	3.7	24.2	(6)
Retail		100.0%	54.5	0.0	0.0	0.0	45.5	(2)
Sports		100.0%	-	16.7	17.7	2.0	63.6	(3)
Accommodations		100.0%	-	22.0	50.8	2.3	24.9	(4)
Slide		100.0%	-	-	-	-	-	(0)
Other		100.0%	19.4	61.2	35.5	3.2	(19.3)	(3)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
CENTRAL ROCKIES SKI AREAS, 1985-86

	Gross Sales		Less:					Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	
WINTER SEASON:								
Ski Lift Dept.	\$17.05	100.0%	- %	21.0%	12.5%	2.3%	64.2%	(19)
Ski School	2.77	100.0%	-	56.1	4.8	7.8	31.3	(18)
Food Service	3.14	100.0%	28.5	36.5	14.9	3.1	17.0	(13)
Bar	.71	100.0%	23.3	11.6	6.0	1.2	57.9	(11)
Retail	.92	100.0%	52.4	14.0	6.1	2.1	25.4	(12)
Rental	1.03	100.0%	8.9 ^b	22.7	8.9	7.8	51.7	(12)
Accommodations	-	100.0%	-	43.3	28.3	4.3	24.1	(3)
Other	.56	100.0%	11.0	49.3	24.8	7.8	7.1	(17)
	<u>\$26.18</u>							
YEAR ROUND:								
Real Estate		100.0%	62.6	14.8	32.4	2.4	(12.2)	(5)
Utility		100.0%	-	3.2	1.8	81.6	13.4	(5)
Miscellaneous		100.0%	0.0	1.1	4.3	0.0	94.6	(16)
SUMMER SEASON:								
Lift Department		100.0%	-	54.4	32.8	6.6	6.2	(7)
Food Service		100.0%	32.3	82.0	71.1	5.8	(91.2)	(9)
Retail		100.0%	70.2	23.9	17.4	3.5	(15.0)	(6)
Sports		100.0%	-	82.0	46.2	11.2	(39.4)	(5)
Accommodations		100.0%	-	95.1	57.2	17.3	(69.6)	(2)
Slide		100.0%	-	33.1	14.3	7.2	45.4	(3)
Other		100.0%	7.2	173.4	100.0	32.4	(213.0)	(3)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
NORTHERN ROCKIES SKI AREAS, 1985-86

	Gross Sales		Less:					Base
	Per S-V ^a	%	Cost of				Gross Margin	
			Goods Sold	Direct Labor	Direct Other	Payroll Taxes		
WINTER SEASON:								
Ski Lift Dept.	\$12.79	100.0%	- %	20.0%	14.0%	3.7%	62.3%	(11)
Ski School	2.17	100.0%	-	47.1	14.4	8.5	30.0	(9)
Food Service	4.34	100.0%	32.2	27.2	13.3	7.4	19.9	(8)
Bar	.56	100.0%	26.2	20.6	14.1	4.0	35.1	(7)
Retail	.83	100.0%	45.2	18.8	7.0	3.2	25.8	(6)
Rental	1.19	100.0%	9.2 ^b	14.1	1.7	2.4	72.6	(6)
Accommodations	-	100.0%	-	26.1	45.3	4.1	24.5	(2)
Other	.44	100.0%	0.6	9.7	42.1	1.4	46.2	(8)
	<u>\$22.32</u>							
YEAR ROUND:								
Real Estate		100.0%	40.8	4.0	3.7	0.7	50.8	(1)
Utility		100.0%	-	57.1	62.9	11.4	(31.4)	(2)
Miscellaneous		100.0%	31.1	4.1	3.6	0.4	60.8	(6)
SUMMER SEASON:								
Lift Department		100.0%	-	60.9	59.9	7.4	(28.2)	(3)
Food Service		100.0%	32.7	42.5	10.6	27.1	(12.9)	(3)
Retail		100.0%	66.7	0.0	0.0	0.0	33.3	(1)
Sports		-	-	-	-	-	-	(0)
Accommodations		-	-	-	-	-	-	(0)
Slide		-	-	-	-	-	-	(0)
Other		-	-	-	-	-	-	(0)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA—DEPARTMENTAL MARGIN
CALIFORNIA/NEVADA SKI AREAS, 1985-86

	Gross Sales		Less:					Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	
WINTER SEASON:								
Ski Lift Dept.	\$18.54	100.0%	- %	14.6%	7.8%	3.6%	74.0%	(16)
Ski School	1.49	100.0%	-	48.4	6.8	10.6	34.2	(14)
Food Service	3.33	100.0%	38.8	27.2	5.4	4.6	24.0	(13)
Bar	.75	100.0%	28.5	19.1	5.0	3.3	44.1	(10)
Retail	2.03	100.0%	53.0	9.2	1.9	1.4	34.5	(10)
Rental	1.32	100.0%	21.7 ^b	21.7	2.0	3.5	51.1	(14)
Accommodations	-	100.0%	-	33.8	18.7	6.7	40.8	(8)
Other	1.03	100.0%	5.5	30.0	13.2	5.9	45.4	(14)
	<u>\$28.49</u>							
YEAR ROUND:								
Real Estate		100.0%	56.7	10.8	23.2	2.8	6.5	(2)
Utility		100.0%	-	24.3	133.8	6.2	(64.3)	(1)
Miscellaneous		100.0%	0.3	2.6	0.0	0.4	96.7	(7)
SUMMER SEASON:								
Lift Department		100.0%	-	20.3	5.2	3.9	70.6	(4)
Food Service		100.0%	46.4	61.2	11.0	11.2	(29.8)	(5)
Retail		100.0%	47.6	24.8	5.6	3.8	18.2	(4)
Sports		100.0%	-	30.7	26.4	9.4	33.5	(1)
Accommodations		100.0%	-	78.4	41.4	18.7	(38.5)	(5)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	17.0	31.4	24.6	5.5	21.5	(4)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA-DEPARTMENTAL MARGIN
PACIFIC NORTHWEST SKI AREAS, 1985-86

	Gross Sales		Less:					Base
	Per S-V ^a	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	
WINTER SEASON:								
Ski Lift Dept.	\$13.36	100.0%	- %	19.7%	13.0%	3.0%	64.3%	(20)
Ski School	1.08	100.0%	-	56.3	18.9	8.0	16.8	(18)
Food Service	3.04	100.0%	34.3	27.0	13.1	3.6	22.0	(17)
Bar	1.36	100.0%	28.8	19.5	11.1	2.7	37.9	(16)
Retail	1.84	100.0%	50.1	14.2	8.6	2.2	24.9	(12)
Rental	1.26	100.0%	22.4 ^b	23.7	10.6	3.2	40.1	(14)
Accommodations	-	100.0%	-	23.4	26.1	2.0	48.5	(4)
Other	.73	100.0%	2.5	10.0	10.2	1.9	75.4	(15)
	<u>\$22.67</u>							
YEAR ROUND:								
Real Estate		100.0%	0.0	0.0	83.5	0.0	16.5	(1)
Utility		100.0%	-	209.5	285.7	50.0	(445.2)	(3)
Miscellaneous		100.0%	0.0	0.0	0.0	0.0	100.0	(8)
SUMMER SEASON:								
Lift Department		100.0%	-	124.6	86.4	18.7	(129.7)	(6)
Food Service		100.0%	36.5	39.8	18.1	5.5	0.1	(7)
Retail		100.0%	43.9	15.4	3.0	2.7	35.0	(3)
Sports		100.0%	-	119.0	47.6	19.0	(85.6)	(2)
Accommodations		100.0%	-	25.0	15.7	2.7	56.6	(2)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	0.0	30.6	100.2	6.5	(37.3)	(3)

^aCalculations restricted to ski areas having departments listed above.

^bRepresents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE: DAY, WEEKEND, AND VACATION SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 61 through 67 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 2,500" contains the smallest areas while "10,000+" has the giants. In general, revenue and profitability increase as ski areas get larger.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 68 through 74 contain the statistics by ski area type. This category refers to areas designed to serve different markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are four days or more. Operating profit on GFA is best this year at weekend areas. Weekend areas also reported the highest percentage profit before taxes and the largest dollar profit before taxes.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season tends to be a critical variable to profitability. This was not true in the 1985-86 season as areas with a shorter season recorded higher operating profit on GFA than those with a longer season. See Table 76.

TABLE 61
AVERAGE SKI AREA CHARACTERISTICS - BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SIZE					
VTF/Hour (000)	1,567	3,201	4,830	7,498	18,187
Gross Fixed Assets (000)	\$2,731	\$5,241	\$5,044	\$10,387	\$27,633
Skiable Acres	98	214	445	699	1,613
Total Acres	346	1,039	1,217	1,542	3,926
LOCATION					
Within 50 Miles of SMSA	52%	26%	29%	46%	19%
With 6+ Areas in 1 Hour	10%	30%	25%	33%	44%
New England	14%	35%	13%	21%	19%
East	28%	20%	13%	13%	4%
Midwest	38%	10%	8%	0%	0%
Central Rockies	0%	25%	8%	13%	33%
Northern Rockies	0%	10%	8%	25%	4%
California & Nevada	0%	0%	16%	17%	22%
Pacific Northwest	14%	0%	33%	13%	19%
SITE CHARACTERISTICS					
Number of Beds at Base ^a	191	395	514	1,007	5,059
Number of Beds (10 Miles) ^a	1,398	1,339	2,330	3,820	10,370
With Snowmaking	79%	75%	58%	54%	74%
With Night Skiing	72%	45%	38%	33%	19%
Terrain: Beginner	28%	26%	23%	24%	23%
Intermediate	49%	50%	52%	47%	49%
Expert	23%	24%	25%	29%	28%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	21%	40%	83%	67%	83%
Engaged in Land Development	28%	35%	29%	58%	63%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	121	123	124	139	140
Average Peak Day Crowd	1,910	3,303	2,937	5,092	9,933
Average Skier Visits (000)	63	129	107	237	532
Average Age of Ski Areas	24 years	31 years	26 years	30 years	27 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	\$14.47	\$16.69	\$15.95	\$16.98	\$20.81
Average Lift Ticket Revenue/S-V	\$10.30	\$13.05	\$13.08	\$14.59	\$17.74
Average Adult Lift Ticket Price:					
(Weekend)	\$16.90	\$20.14	\$19.94	\$20.81	\$24.26
(Weekday)	\$13.56	\$17.00	\$18.02	\$19.22	\$23.43
Average Night Ticket Price:					
(Weekend)	\$10.36	\$11.97	\$12.17	\$12.88	\$11.40
(Weekday)	\$10.11	\$12.25	\$11.83	\$11.94	\$12.00
Average Adult Season Ticket Price	\$ 251	\$ 307	\$ 372	\$ 415	\$ 567
Average Utilization	40.6%	49.8%	27.0%	37.1%	29.3%
Avg. Profit (Loss) Before Tax (000)	\$ 109	\$ (136)	\$ (262)	\$ 261	\$ 472
Ratio: Revenue/GFA	42.3%	42.8%	36.7%	40.9%	43.0%
Base	(29)	(20)	(24)	(24)	(27)

^aFor those areas reporting beds.

TABLE 62

ECONOMIC RATIOS—BY SIZE (000) VTF/HOUR)

	Key	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
VTF/Hour (000)	A	1,567	3,201	4,830	7,498	18,187
VTF/Hour - Demand/Skier Visit	B	1,256	1,552	1,509	1,656	1,666
Skier Capacity	C	1,247	2,063	3,200	4,529	10,918
Days/Nights of Operation	D	121	123	124	139	140
Season Capacity (000)	E	155	259	396	638	1,633
Day Ski Capacity (000)		112	196	362	550	1,596
Night Ski Capacity (000)		58	139	90	263	204
Actual Skier Visits (000)	F	63	129	107	237	532
Day Ski Visits (000)		49	106	103	216	525
Night Ski Visits (000)		22	50	20	64	39
Profit (Loss) Before Tax (000)	G	\$ 109	\$ (136)	\$ (262)	\$ 261	\$ 472
Plus: Depreciation (000)	H	\$ 134	\$ 354	\$ 334	\$ 624	\$ 1,918
Before Tax Cash Flow (000)	I	\$ 243	\$ 218	\$ 72	\$ 885	\$ 2,390
Operating Profit (Loss) (000)	J	\$ 184	\$ 200	\$ 23	\$ 621	\$ 1,611
Cash Operating Costs (000)	K	\$ 836	\$1,689	\$1,494	\$ 3,008	\$ 8,366
Gross Fixed Assets (000)	L	\$2,731	\$5,241	\$5,044	\$10,387	\$27,633
Long Term Debt (000)	M	\$ 632	\$3,149	\$1,589	\$ 6,032	\$11,545
Equity (000)	N	\$ 765	\$ 584	\$ 602	\$ 3,384	\$11,618
Critical Ratios						
1. Health (Debt to Cash Flow)		2.6X	14.4X	22.1X	6.8X	4.8X
Profitability:						
2. Operating Profit on GFA		6.7%	3.8%	0.5%	0.6%	5.8%
3. Profit (BT) on Equity		14.2%	Loss	Loss	7.7%	4.1%
Performance:						
4. Average Utilization		40.6%	49.8%	27.0%	37.1%	32.6%
Day Utilization		43.8%	54.1%	28.5%	39.3%	32.9%
Night Utilization		37.9%	36.0%	22.2%	24.3%	19.1%
5. Days/Nights of Operation		121	123	124	139	140
Policy & Planning:						
6. Capital/Capacity Ratio		\$2,190	\$2,541	\$1,576	\$2,293	\$2,531
7. Operating/Capacity		\$ 5.39	\$ 6.52	\$ 3.77	\$ 4.71	\$ 5.12
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		\$10.30	\$13.05	\$13.08	\$14.59	\$17.74
Ski School Margin		\$.46	\$.81	\$.59	\$.34	\$.70
Food Service Margin		\$.87	\$.53	\$.58	\$.66	\$.72
Bar Margin		\$.45	\$.39	\$.53	\$.34	\$.35
Ski Shop Margin		\$.52	\$.30	\$.33	\$.36	\$.45
Ski Rental Margin		\$ 1.67	\$ 1.56	\$.79	\$.56	\$.49
Other Margin		\$.20	\$.05	\$.05	\$.13	\$.36
8. Total - Revenue/Skier Visit		\$14.47	\$16.69	\$15.95	\$16.98	\$20.81
Base		(29)	(20)	(24)	(24)	(27)

TABLE 63
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,000 - 9,999 (000)	10,000+ (000)
Gross Fixed Assets	\$2,731	\$5,241	\$5,044	\$10,387	\$27,633
Revenue:					
Ski Lift Gross - Winter	\$ 649	\$1,679	\$1,403	\$ 3,464	\$ 9,437
Ski Lift Gross - Summer	1	41	26	41	129
Supporting Margin - Winter	362	484	359	618	1,815
Supporting Margin - Summer	127	141	14	34	(21)
Year Round Margin	<u>15</u>	<u>(102)</u>	<u>49</u>	<u>96</u>	<u>535</u>
TOTAL REVENUE	\$1,154	\$2,243	\$1,851	\$ 4,253	\$11,895
Less:					
Ski Lift Direct Expense	\$ 215	\$ 493	\$ 504	\$ 1,074	\$ 2,547
Payroll Taxes	23	50	48	139	230
Property Operation	<u>121</u>	<u>150</u>	<u>57</u>	<u>223</u>	<u>626</u>
OPERATIONS MARGIN	\$ 795	\$1,550	\$1,242	\$ 2,817	\$ 8,492
Less:					
General & Administrative	\$ 181	\$ 362	\$ 365	\$ 528	\$ 2,109
Marketing (advertising, public relations, promotion, etc.)	77	180	155	308	936
Insurance (property, liability)	98	176	150	296	645
Land Use Fees (public)	3	25	31	87	318
Land Use Fees (private)	4	16	12	2	38
Property Taxes	18	31	36	73	206
Other Taxes (except income)	13	22	7	10	179
Snowmaking	74	162	69	192	296
Snow Removal	3	5	12	10	37
Miscellaneous	6	17	48	66	199
Depreciation & Amortization	<u>134</u>	<u>354</u>	<u>334</u>	<u>624</u>	<u>1,918</u>
OPERATING PROFIT (LOSS)	\$ 184	\$ 200	\$ 23	\$ 621	\$ 1,611
Less: Interest	<u>75</u>	<u>336</u>	<u>285</u>	<u>360</u>	<u>1,139</u>
PROFIT (LOSS) BEFORE TAX	\$ 109	\$ (136)	\$ (262)	\$ 261	\$ 472
Base	(29)	(20)	(24)	(24)	(27)

TABLE 64

AVERAGE SKI AREA FINANCIAL DATA - INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	23.8%	32.0%	27.8%	33.3%	34.1%
Ski Lift Gross - Summer	0.0	0.8	0.5	0.4	0.5
Supporting Margin - Winter	13.3	9.2	7.1	5.9	6.6
Supporting Margin - Summer	4.7	2.7	0.3	0.3	(0.1)
Year Round Margin	<u>0.5</u>	<u>(1.9)</u>	<u>1.0</u>	<u>1.0</u>	<u>1.9</u>
TOTAL REVENUE	42.3%	42.8%	36.7%	40.9%	43.0%
Less:					
Ski Lift Direct Expense	7.9%	9.4%	10.0%	10.3%	9.2%
Payroll Taxes	0.8	1.0	1.0	1.3	0.8
Property Operation	<u>4.4</u>	<u>2.8</u>	<u>1.1</u>	<u>2.2</u>	<u>2.3</u>
OPERATIONS MARGIN	29.2%	29.6%	24.6%	27.1%	30.7%
Less:					
General & Administrative	6.6%	6.9%	7.2%	5.1%	7.6%
Marketing (advertising, public relations, promotion, etc.)	2.8	3.4	3.1	3.0	3.4
Insurance (property, liability)	3.6	3.4	3.0	2.8	2.3
Land Use Fees (public)	0.1	0.5	0.6	0.8	1.2
Land Use Fees (private)	0.1	0.3	0.2	0.0	0.1
Property Taxes	0.7	0.6	0.7	0.7	0.7
Other Taxes (except income)	0.5	0.4	0.1	0.1	0.6
Snowmaking	2.7	3.1	1.4	1.8	1.1
Snow Removal	0.1	0.1	0.2	0.1	0.1
Miscellaneous	0.3	0.3	1.0	0.6	0.8
Depreciation & Amortization	<u>5.0</u>	<u>6.8</u>	<u>6.6</u>	<u>6.0</u>	<u>7.0</u>
OPERATING PROFIT (LOSS)	6.7%	3.8%	0.5%	6.1%	5.8%
Less: Interest	<u>2.7</u>	<u>6.4</u>	<u>5.7</u>	<u>3.5</u>	<u>4.1</u>
PROFIT (LOSS) BEFORE TAX	4.0%	(2.6)%	(5.2)%	2.6%	1.7%
Base	(29)	(20)	(24)	(24)	(27)

TABLE 65
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Revenue:					
Ski Lift Gross - Winter	56.2%	74.9%	75.8%	81.4%	79.3%
Ski Lift Gross - Summer	0.1	1.8	1.4	1.0	1.1
Supporting Margin - Winter	31.4	21.6	19.4	14.5	15.3
Supporting Margin - Summer	11.0	6.2	0.8	0.8	(0.2)
Year Round Margin	1.3	(4.5)	2.6	2.3	4.5
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	18.6%	22.0%	27.2%	25.3%	21.4%
Payroll Taxes	2.0	2.2	2.6	3.3	1.9
Property Operation	10.5	6.7	3.1	5.2	5.3
OPERATIONS MARGIN	68.9%	69.1%	67.1%	66.2%	71.4%
Less:					
General & Administrative	15.7%	16.1%	19.7%	12.4%	17.7%
Marketing (advertising, public relations, promotion, etc.)	6.7	8.0	8.4	7.2	7.9
Insurance (property, liability)	8.5	7.8	8.1	7.0	5.4
Land Use Fees (public)	0.3	1.1	1.7	2.0	2.7
Land Use Fees (private)	0.3	0.7	0.6	0.0	0.3
Property Taxes	1.6	1.4	1.9	1.7	1.7
Other Taxes (except income)	1.1	1.0	0.4	0.2	1.5
Snowmaking	6.4	7.2	3.7	4.5	2.5
Snow Removal	0.3	0.2	0.6	0.2	0.3
Miscellaneous	0.5	0.8	2.7	1.7	1.8
Depreciation & Amortization	11.6	15.9	18.1	14.7	16.1
OPERATING PROFIT (LOSS)	15.9%	8.9%	1.2%	14.6%	13.5%
Less: Interest	6.5	15.0	15.4	8.5	9.5
PROFIT (LOSS) BEFORE TAX	9.4%	(6.1)%	(14.2)%	6.1%	4.0%
Base	(29)	(20)	(24)	(24)	(27)

TABLE 66

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	7.0%	8.1%	9.0%	6.0%	5.3%
Ski Patrol Payroll	1.4	2.2	3.4	3.1	2.7
Slope Maintenance Payroll	2.1	1.8	3.0	2.1	2.3
Maintenance & Repair Payroll	2.6	2.7	6.2	4.2	3.4
Ticket Sales Payroll	1.3	1.1	1.8	1.1	1.3
Other Payroll	0.5	1.5	1.5	1.3	1.6
TOTAL PAYROLL	14.9%	17.4%	24.9%	17.8%	16.6%
PAYROLL TAXES	3.5%	3.2%	4.6%	3.9%	2.1%
OTHER DIRECT	8.4%	10.6%	17.6%	10.5%	10.5%
GROSS MARGIN	73.2%	68.8%	52.9%	67.8%	70.8%
Base	(12)	(14)	(12)	(23)	(20)

TABLE 67
AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEETS
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Assets					
Current Assets	\$ 368	\$ 643	\$ 470	\$ 2,111	\$ 5,237
Gross Fixed Assets	2,743	5,407	5,067	10,387	27,633
Less: Depreciation	(1,535)	(1,919)	(2,165)	(3,810)	(9,387)
Other Assets	<u>126</u>	<u>1,599</u>	<u>881</u>	<u>2,153</u>	<u>5,088</u>
TOTAL ASSETS	\$1,702	\$5,730	\$4,253	\$10,841	\$28,571
Liabilities & Net Worth					
Current Liabilities	\$ 286	\$ 896	\$1,484	\$ 1,185	\$ 3,662
Long-Term Debt	582	2,773	1,313	5,427	9,144
Subordinated Debt	50	376	272	605	2,401
Deferred Taxes	4	60	99	149	479
Other Liabilities	15	1,041	483	91	1,267
Net Worth					
Invested	793	773	1,011	1,980	6,209
Retained Earnings	<u>(28)</u>	<u>(189)</u>	<u>(409)</u>	<u>1,404</u>	<u>5,409</u>
TOTAL LIABILITIES & NET WORTH	\$1,702	\$5,730	\$4,253	\$10,841	\$28,571
Base	(26)	(17)	(23)	(24)	(27)

TABLE 68

AVERAGE SKI AREA CHARACTERISTICS—BY TYPE OF SKI AREA

	Day	Weekend	Vacation
<u>SIZE</u>			
VTF/Hour (000)	4,576	7,552	12,110
Gross Fixed Assets (000)	\$5,565	\$11,037	\$19,391
Skiable Acres	410	630	1,057
Total Acres	920	1,363	3,254
<u>LOCATION</u>			
Within 50 Miles of SMSA	45%	31%	18%
With 6+ Areas in 1 Hour	20%	37%	36%
New England	11%	30%	27%
East	19%	19%	6%
Midwest	19%	7%	3%
Central Rockies	6%	11%	36%
Northern Rockies	9%	7%	9%
California & Nevada	16%	15%	6%
Pacific Northwest	20%	11%	12%
<u>SITE CHARACTERISTICS</u>			
Number of Beds at Base ^a	361	2,652	2,789
Number of Beds (10 Miles) ^a	1,078	5,319	8,087
With Snowmaking	58%	74%	85%
With Night Skiing	58%	44%	10%
Terrain: Beginner	25%	25%	24%
Intermediate	50%	51%	47%
Expert	25%	24%	29%
<u>BUSINESS CHARACTERISTICS</u>			
Operating With USFS Permit	47%	52%	64%
Engaged in Land Development	30%	44%	67%
<u>OPERATIONAL CHARACTERISTICS</u>			
Average Days/Nights of Operation	129	128	132
Average Peak Day Crowd	3,632	4,767	6,701
Average Skier Visits (000)	135	223	375
Average Age of Ski Areas	27 years	29 years	26 years
<u>ECONOMIC CHARACTERISTICS</u>			
Average Revenue/Skier Visit	\$15.83	\$20.00	\$20.12
Average Lift Ticket Revenue/\$-V	\$12.63	\$16.87	\$17.24
Avg. Adult Lift Ticket Price (Weekend)	\$18.22	\$21.32	\$23.76
Avg. Adult Lift Ticket Price (Weekday)	\$15.56	\$18.89	\$22.97
Average Night Ticket Price (Weekend)	\$11.41	\$11.77	\$11.00
Average Night Ticket Price (Weekday)	\$11.00	\$11.60	\$13.50
Average Adult Season Ticket Price	\$ 312	\$ 399	\$ 531
Average Utilization	32.9%	28.8%	39.3%
Average Profit (Loss) Before Tax	\$ 92	\$ 202	\$ 54
Ratio: Revenue/GFA	39.8%	44.8%	42.3%
Base	(64)	(27)	(33)

^aFor those areas reporting beds.

TABLE 69

ECONOMIC RATIOS - BY TYPE OF SKI AREA

	Key	Day	Weekend	Vacation	Your Ski Area
VTF/Hour (000)	A	4,576	7,552	12,110	_____
VTF/Hour - Demand/Skier Visit	B	1,509	1,520	1,742	_____
Skier Capacity	C	3,032	4,969	6,953	_____
Days/Nights of Operation	D	129	128	132	_____
Season Capacity (000)	E	410	773	953	_____
Day Season Capacity (000)		337	713	949	_____
Night Season Capacity (000)		125	136	47	_____
Actual Skier Visits (000)	F	135	223	375	_____
Day Skier Visits (000)		119	208	373	_____
Night Skier Visits (000)		38	33	21	_____
Profit (Loss) Before Tax (000)	G	\$ 92	\$ 202	\$ 54	\$ _____
Plus: Depreciation (000)	H	\$ 339	\$ 770	\$ 1,313	\$ _____
Before Tax Cash Flow (000)	I	\$ 431	\$ 972	\$ 1,367	\$ _____
Operating Profit (Loss) (000)	J	\$ 318	\$ 651	\$ 920	\$ _____
Cash Operating Costs (000)	K	\$1,558	\$ 3,528	\$ 5,967	\$ _____
Gross Fixed Assets (000)	L	\$5,565	\$11,037	\$19,391	\$ _____
Secured Debt (000)	M	\$2,310	\$ 4,038	\$ 9,996	\$ _____
Equity (000)	N	\$1,385	\$ 2,395	\$ 9,175	\$ _____
Critical Ratios					
1. Health (Debt to Cash Flow)		5.4X	4.2X	7.3X	_____X
Profitability:					
2. Operating Profit on GFA		5.7%	5.9%	4.7%	_____%
3. Profit (BT) on Equity		6.6%	8.4%	0.6%	_____%
Performance:					
4. Average Utilization		32.9%	28.8%	39.3%	_____%
Day Utilization		35.3%	29.2%	39.3%	_____
Night Utilization		30.4%	24.3%	44.7%	_____
5. Day/Nights of Operation		129	128	132	_____
Policy & Planning:					
6. Capital/Capacity Ratio		\$1,835	\$2,221	\$2,789	\$ _____
7. Operating/Capacity Ratio		\$ 3.80	\$ 4.65	\$ 6.26	\$ _____
Revenue/Skier Visit:					
Ski Lift Gross		\$12.63	\$16.87	\$17.24	\$ _____
Ski School Margin		\$.51	\$.49	\$.73	\$ _____
Food Service Margin		\$.68	\$.65	\$.71	\$ _____
Bar Margin		\$.41	\$.23	\$.43	\$ _____
Ski Shop Margin		\$.34	\$.54	\$.39	\$ _____
Ski Rental Margin		\$ 1.05	\$.76	\$.47	\$ _____
Other Margin		\$.21	\$.46	\$.15	\$ _____
8. Total - Revenue/Skier Visit		\$15.83	\$20.00	\$20.12	\$ _____
Base		(64)	(27)	(33)	

TABLE 70
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Your Ski Area
Gross Fixed Assets	\$5,565	\$11,037	\$19,391	\$_____
Revenue:				
Ski Lift Gross - Winter	\$1,706	\$ 3,758	\$ 6,466	\$_____
Ski Lift Gross - Summer	8	111	74	_____
Supporting Margin - Winter	451	805	1,274	_____
Supporting Margin - Summer	29	82	91	_____
Year Round Margin	21	193	295	_____
TOTAL REVENUE	\$2,215	\$ 4,949	\$ 8,200	\$_____
Less:				
Ski Lift Direct Expense	\$ 554	\$ 896	\$ 1,912	\$_____
Payroll Taxes	63	110	163	_____
Property Operation	82	329	484	_____
OPERATIONS MARGIN	\$1,516	\$ 3,614	\$ 5,641	\$_____
Less:				
General & Administrative	\$ 331	\$ 992	\$ 1,301	\$_____
Marketing (advertising, public relations, promotion, etc.)	131	346	741	_____
Insurance (property, liability)	178	374	394	_____
Land Use Fees (public)	33	69	243	_____
Land Use Fees (private)	4	15	34	_____
Property Taxes	40	64	153	_____
Other Taxes (except income)	13	72	101	_____
Snowmaking	91	202	252	_____
Snow Removal	9	12	26	_____
Miscellaneous	29	47	163	_____
Depreciation & Amortization	339	770	1,313	_____
OPERATING PROFIT (LOSS)	\$ 318	\$ 651	\$ 920	\$_____
Less: Interest	226	449	866	_____
PROFIT (LOSS) BEFORE TAX	\$ 92	\$ 202	\$ 54	\$_____
Base	(64)	(27)	(33)	_____

TABLE 71
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets			Your Ski Area
	Day	Weekend	Vacation	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	30.7%	34.0%	33.3%	_____ %
Ski Lift Gross - Summer	0.1	1.0	0.4	_____
Supporting Margin - Winter	8.1	7.3	6.6	_____
Supporting Margin - Summer	0.5	0.7	0.5	_____
Year Round Margin	<u>0.4</u>	<u>1.8</u>	<u>1.5</u>	_____
TOTAL REVENUE	39.8%	44.8%	42.3%	_____ %
Less:				
Ski Lift Direct Expense	10.0%	8.1%	9.9%	_____ %
Payroll Taxes	1.1	1.0	0.8	_____
Property Operation	<u>1.5</u>	<u>3.0</u>	<u>2.5</u>	_____
OPERATIONS MARGIN	27.2%	32.7%	29.1%	_____ %
Less:				
General & Administrative	5.9%	9.0%	6.7%	_____ %
Marketing (advertising, public relations, promotion, etc.)	2.4	3.1	3.8	_____
Insurance (property, liability)	3.2	3.4	2.0	_____
Land Use Fees (public)	0.6	0.6	1.3	_____
Land Use Fees (private)	0.1	0.1	0.2	_____
Property Taxes	0.7	0.6	0.8	_____
Other Taxes (except income)	0.2	0.7	0.5	_____
Snowmaking	1.6	1.8	1.3	_____
Snow Removal	0.2	0.1	0.1	_____
Miscellaneous	0.5	0.4	0.9	_____
Depreciation & Amortization	<u>6.1</u>	<u>7.0</u>	<u>6.8</u>	_____
OPERATING PROFIT (LOSS)	5.7%	5.9%	4.7%	_____ %
Less: Interest	<u>4.1</u>	<u>4.1</u>	<u>4.4</u>	_____
PROFIT (LOSS) BEFORE TAX	1.6%	1.8%	0.3%	_____ %
Base	(64)	(27)	(33)	

TABLE 72
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Revenue			Your Ski Area
	Day	Weekend	Vacation	
Revenue:				
Ski Lift Gross - Winter	77.0%	75.9%	78.9%	_____ %
Ski Lift Gross - Summer	0.4	2.2	0.9	_____
Supporting Margin - Winter	20.4	16.3	15.5	_____
Supporting Margin - Summer	1.3	1.7	1.1	_____
Year Round Margin	0.9	3.9	3.6	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	25.0%	18.1%	23.3%	_____ %
Payroll Taxes	2.8	2.2	2.0	_____
Property Operation	3.8	6.7	5.9	_____
OPERATIONS MARGIN	68.4%	73.0%	68.8%	_____ %
Less:				
General & Administrative	14.9%	20.0%	15.9%	_____ %
Marketing (advertising, public relations, promotion, etc.)	5.9	7.0	9.0	_____
Insurance (property, liability)	8.0	7.6	4.8	_____
Land Use Fees (public)	1.5	1.4	3.0	_____
Land Use Fees (private)	0.2	0.3	0.4	_____
Property Taxes	1.8	1.3	1.9	_____
Other Taxes (except income)	0.6	1.5	1.2	_____
Snowmaking	4.1	4.1	3.1	_____
Snow Removal	0.4	0.2	0.3	_____
Miscellaneous	1.3	0.9	2.0	_____
Depreciation & Amortization	15.3	15.5	16.0	_____
OPERATING PROFIT (LOSS)	14.4%	13.2%	11.2%	_____ %
Less: Interest	10.3	9.1	10.5	_____
PROFIT (LOSS) BEFORE TAX	4.1%	4.1%	0.7%	_____ %
Base	(64)	(27)	(33)	

TABLE 73
SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SKI LIFT GROSS			
Revenue (Winter)	100.0%	100.0%	100.0%
LESS:			
Ski Lift Payroll	7.5%	4.6%	5.5%
Ski Patrol Payroll	2.6	2.5	2.8
Slope Maintenance Payroll	2.5	2.1	2.1
Maintenance & Repair Payroll	3.8	3.7	3.7
Ticket Sales Payroll	1.1	1.4	1.3
Other Payroll	0.9	1.9	1.7
TOTAL PAYROLL	18.4%	16.2%	17.1%
PAYROLL TAXES	3.3%	3.6%	2.4%
OTHER DIRECT	11.5%	9.7%	10.6%
GROSS MARGIN	66.8%	70.5%	69.9%
Base	(40)	(14)	(27)

TABLE 74
AVERAGE SKI AREA FINANCIAL DATA--BALANCE SHEET
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)
<u>Assets</u>			
Current Assets	\$ 618	\$ 2,132	\$ 4,061
Gross Fixed Assets	5,877	11,037	19,884
Less: Depreciation	(2,459)	(4,868)	(6,036)
Other Assets	<u>598</u>	<u>970</u>	<u>5,590</u>
TOTAL ASSETS	\$4,634	\$ 9,271	\$23,499
<u>Liabilities & Net Worth</u>			
Current Liabilities	\$ 609	\$ 2,337	\$ 2,678
Long-Term Debt	2,041	3,434	8,078
Subordinated Debt	269	604	1,918
Deferred Taxes	108	79	360
Other Liabilities	222	422	1,290
Net Worth			
Invested	865	1,023	6,075
Retained Earnings	<u>520</u>	<u>1,372</u>	<u>3,100</u>
TOTAL LIABILITIES & NET WORTH	\$4,634	\$ 9,271	\$23,499
Base	(58)	(27)	(32)

TABLE 75

AVERAGE SKI AREA CHARACTERISTICS—BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	3,492	1,727	4,266	6,994	11,430	15,335
Gross Fixed Assets (000)	\$4,397	\$2,621	\$5,857	\$9,577	\$15,921	\$25,020
Skiable Acres	84	103	253	485	1,226	1,648
Total Acres	278	297	1,112	1,835	2,570	3,015
LOCATION						
Within 50 Miles of SMSA	67%	53%	46%	27%	29%	13%
With 6+ Areas in 1 Hour	0%	11%	25%	38%	29%	44%
New England	0%	16%	25%	29%	5%	19%
East	17%	42%	29%	6%	0%	0%
Midwest	50%	26%	18%	6%	0%	0%
Central Rockies	17%	0%	4%	29%	24%	13%
Northern Rockies	0%	11%	7%	9%	14%	6%
California & Nevada	17%	0%	4%	12%	29%	25%
Pacific Northwest	0%	5%	14%	9%	29%	38%
SITE CHARACTERISTICS						
Number of Beds at Base ^a	160	161	534	1,531	2,911	4,134
Number of Beds (10 Miles) ^a	1,710	1,252	2,334	4,579	5,964	7,560
With Snowmaking	100%	74%	82%	79%	38%	44%
With Night Skiing	83%	79%	57%	24%	19%	25%
Terrain: Beginner	29%	28%	26%	24%	22%	22%
Intermediate	52%	49%	51%	49%	48%	49%
Expert	19%	23%	23%	27%	30%	29%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	33%	21%	39%	80%	76%	69%
Engaged in Land Development	17%	32%	29%	65%	38%	50%

TABLE 75 (Continued)

AVERAGE SKI AREA CHARACTERISTICS—BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	80	121	119	126	142	168
Average Peak Day Crowd	2,598	1,992	3,557	4,285	6,849	8,735
Average Skier Visits (000)	41	70	129	201	360	465
Average Age of Ski Areas	27 years	25 years	28 years	27 years	28 years	29 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	\$19.23	\$14.99	\$17.17	\$18.52	\$17.73	\$21.29
Average Lift Ticket Revenue/Skier Visit	\$14.58	\$10.85	\$13.52	\$15.76	\$15.47	\$17.78
Average Adult Lift Ticket Price						
(Weekend)	\$18.33	\$18.12	\$19.27	\$22.00	\$19.95	\$22.81
(Weekday)	\$15.67	\$13.66	\$16.36	\$20.54	\$19.05	\$21.80
Average Night Ticket Price						
(Weekend)	\$12.60	\$11.20	\$11.56	\$13.14	\$10.00	\$ 9.13
(Weekday)	\$11.60	\$11.02	\$11.53	\$12.07	\$ 9.75	\$10.17
Average Adult Season Ticket Price	\$ 275	\$ 251	\$ 321	\$ 446	\$ 442	\$ 486
Average Utilization	23%	44%	38%	39%	37%	27%
Average Profit (Loss) Before Tax	\$ (306)	\$ 93	\$ 64	\$ (24)	\$ 108	\$ 624
Ratio: Revenue/GFA	18%	43%	43%	41%	43%	43%
Base	(6)	(19)	(28)	(34)	(21)	(16)

^aAverage for those areas reporting beds.

TABLE 76

ECONOMIC RATIOS - BY LENGTH OF SEASON

	Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	A	3,492	1,727	4,266	6,994	11,430	15,335
VTF/Hour - Demand/Skier Visit	B	1,422	1,370	1,470	1,684	1,723	1,560
Skier Capacity	C	2,456	1,261	2,902	4,152	6,634	9,829
Days/Nights of Operation	D	80	121	119	126	142	168
Season Capacity (000)	E	178	158	340	514	971	1,695
Day Season Capacity (000)		140	98	273	464	915	1,677
Night Season Capacity (000)		45	77	118	210	295	70
Actual Skier Visits (000)	F	41	70	129	201	360	465
Day Skier Visits (000)		35	46	110	189	350	463
Night Skier Visits (000)		13	30	39	51	71	8
Profit (Loss) Before Tax (000)	G	\$ (306)	\$ 93	\$ 64	\$ (24)	\$ 108	\$ 624
Plus: Depreciation (000)	H	\$ 255	\$ 146	\$ 388	\$ 572	\$ 1,067	\$ 1,797
Before Tax Cash Flow (000)	I	\$ (51)	\$ 239	\$ 452	\$ 548	\$ 1,175	\$ 2,421
Operating Profit (Loss) (000)	J	\$ (186)	\$ 180	\$ 364	\$ 466	\$ 759	\$ 1,499
Cash Operating Costs (000)	K	\$ 739	\$ 796	\$ 1,756	\$ 2,910	\$ 4,978	\$ 7,487
Gross Fixed Assets (000)	L	\$ 4,397	\$ 2,621	\$ 5,857	\$ 9,577	\$ 15,921	\$ 25,021
Long Term Debt (000)	M	\$ 1,497	\$ 725	\$ 2,171	\$ 5,037	\$ 5,824	\$ 13,017
Equity (000)	N	\$ 835	\$ 549	\$ 1,373	\$ 2,436	\$ 10,050	\$ 6,867
Critical Ratios							
1. Health (Debt to Cash Flow)		-	3.0X	4.8X	9.2X	5.0X	5.4X
Profitability:							
2. Operating Profit on GFA		Loss	6.9%	6.2%	4.9%	4.8%	6.0%
3. Profit (Before Tax) on Equity		Loss	16.9%	4.7%	Loss	1.1%	9.1%
Performance:							
4. Average Utilization		23.0%	44.3%	37.9%	39.1%	37.1%	27.4%
Day Utilization		25.0%	46.9%	40.3%	40.7%	38.3%	27.6%
Night Utilization		24.4%	31.2%	18.6%	24.3%	24.1%	11.4%

TABLE 76 (Continued)

ECONOMIC RATIOS—BY LENGTH OF SEASON

Key	Less Than 80 Days	Days					160 Days and Over
		80-99	100-119	120-139	140-159	160	
5. Days/Nights of Operation Policy & Planning:	80	121	119	126	142	168	
6. Capital/Capacity Ratio	\$1,790	\$2,079	\$2,018	\$2,307	\$2,400	\$2,546	
7. Operating/Capacity Ratio	\$ 4.15	\$ 5.04	\$ 5.16	\$ 5.66	\$ 5.13	\$ 4.42	
Revenue/Skier Visit: (Average of All Areas)							
Ski Lift Gross	\$14.58	\$10.85	\$13.52	\$15.76	\$15.47	\$17.78	
Ski School Margin	\$.70	\$.44	\$.77	\$.66	\$.61	\$.51	
Food Service Margin	\$.75	\$.74	\$.73	\$.73	\$.54	\$.75	
Bar Margin	\$.10	\$.39	\$.52	\$.27	\$.38	\$.41	
Ski Shop Margin	\$.38	\$.51	\$.24	\$.37	\$.27	\$.65	
Ski Rental Margin	\$ 2.02	\$ 1.70	\$ 1.28	\$.71	\$.38	\$.56	
Other Margin	\$.70	\$.36	\$.11	\$.02	\$.08	\$.63	
8. Total - Revenue/Skier Visit	\$19.23	\$14.99	\$17.17	\$18.52	\$17.73	\$21.29	
Base	(6)	(19)	(28)	(34)	(21)	(16)	

TABLE 77
AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	\$4,397	\$2,621	\$5,857	\$9,577	\$15,921	\$25,020
Revenue:						
Ski Lift Gross - Winter	\$ 600	\$ 764	\$1,749	\$3,167	\$ 5,571	\$ 8,268
Ski Lift Gross - Summer	0	0	9	49	52	185
Supporting Margin - Winter	200	299	532	585	962	1,922
Supporting Margin - Summer	0	44	136	25	79	(7)
Year Round Margin	8	15	82	122	140	415
TOTAL REVENUE	\$ 808	\$1,122	\$2,508	\$3,948	\$ 6,804	\$10,783
Less:						
Ski Lift Direct Expense	\$ 269	\$ 229	\$ 485	\$1,021	\$ 1,937	\$ 1,738
Payroll Taxes	28	21	58	100	140	241
Property Operation	0	50	144	186	135	1,000
OPERATIONS MARGIN	\$ 511	\$ 822	\$1,821	\$2,641	\$ 4,592	\$ 7,804
Less:						
General & Administrative	\$ 164	\$ 196	\$ 372	\$ 602	\$ 1,178	\$ 1,911
Marketing (advertising, public relations, promotion, etc.)	38	71	181	338	463	896
Insurance (property, liability)	104	101	201	243	380	630
Land Use Fees (public)	16	2	15	77	220	263
Land Use Fees (private)	15	2	16	17	14	20
Property Taxes	19	18	39	73	148	137
Other Taxes (except income)	0	14	21	13	62	217
Snowmaking	84	80	183	182	134	217
Snow Removal	0	4	4	8	33	37
Miscellaneous	2	8	37	50	134	180
Depreciation & Amortization	255	146	388	572	1,067	1,797
OPERATING PROFIT (LOSS)	\$ (186)	\$ 180	\$ 364	\$ 466	\$ 759	\$ 1,499
Less: Interest	120	87	300	490	651	875
PROFIT (LOSS) BEFORE TAX	\$ (306)	\$ 93	\$ 64	\$ (24)	\$ 108	\$ 624
Base	(6)	(19)	(28)	(34)	(21)	(16)

TABLE 78

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Gross Fixed Assets				
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days and Over
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	13.6%	29.1%	29.9%	33.1%	33.0%
Ski Lift Gross - Summer	0.0	0.0	0.2	0.5	0.7
Supporting Margin - Winter	4.5	11.4	9.1	6.1	7.7
Supporting Margin - Summer	0.0	1.7	2.3	0.3	0.0
Year Round Margin	0.3	0.6	1.3	1.2	1.7
TOTAL REVENUE	18.4%	42.8%	42.8%	41.2%	43.1%
Less:					
Ski Lift Direct Expense	6.1%	8.7%	8.3%	10.7%	6.9%
Payroll Taxes	0.7	0.8	1.0	1.0	1.0
Property Operation	0.0	1.9	2.4	1.9	4.0
OPERATIONS MARGIN	11.6%	31.4%	31.1%	27.6%	31.2%
Less:					
General & Administrative	3.7%	7.5%	6.4%	6.3%	7.6%
Marketing (advertising, public relations, promotion, etc.)	0.9	2.7	3.1	3.5	3.6
Insurance (property, liability)	2.4	3.9	3.4	2.5	2.5
Land Use Fees (public)	0.4	0.1	0.3	0.8	1.1
Land Use Fees (private)	0.3	0.1	0.3	0.2	0.1
Property Taxes	0.4	0.7	0.7	0.8	0.5
Other Taxes (except income)	0.0	0.5	0.4	0.1	0.9
Snowmaking	1.9	3.0	3.1	1.9	0.9
Snow Removal	0.0	0.2	0.1	0.1	0.1
Miscellaneous	0.0	0.3	0.5	0.5	0.7
Depreciation & Amortization	5.8	5.5	6.6	6.0	7.2
OPERATING PROFIT (LOSS)	(4.2)%	6.9%	6.2%	4.9%	6.0%
Less: Interest	2.8	3.4	5.1	5.2	3.5
PROFIT (LOSS) BEFORE TAX	(7.0)%	3.5%	1.1%	(0.3)%	2.5%
Base	(6)	(19)	(28)	(34)	(16)

TABLE 79
AVERAGE SKI AREA FINANCIAL DATA INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Revenue				
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days and Over
Revenue:					
Ski Lift Gross - Winter	74.3%	68.1%	69.7%	80.2%	81.9%
Ski Lift Gross - Summer	0.0	0.0	0.4	1.2	0.8
Supporting Margin - Winter	24.8	26.6	21.2	14.8	14.1
Supporting Margin - Summer	0.0	3.9	5.4	0.6	1.2
Year Round Margin	0.9	1.4	3.3	3.2	2.0
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	33.3%	20.4%	19.3%	25.9%	28.5%
Payroll Taxes	3.5	1.9	2.3	2.5	2.1
Property Operation	0.0	4.4	5.8	4.7	1.9
OPERATIONS MARGIN	63.2%	73.3%	72.6%	66.9%	67.5%
Less:					
General & Administrative	20.3%	17.5%	14.8%	15.2%	17.3%
Marketing (advertising, public relations, promotion, etc.)	4.7	6.3	7.2	8.6	6.8
Insurance (property, liability)	12.9	9.0	8.0	6.2	5.6
Land Use Fees (public)	2.0	0.2	0.6	2.0	3.2
Land Use Fees (private)	1.9	0.2	0.6	0.4	0.2
Property Taxes	2.4	1.6	1.6	1.8	2.2
Other Taxes (except income)	0.0	1.2	0.8	0.3	0.9
Snowmaking	10.3	7.1	7.3	4.6	2.0
Snow Removal	0.0	0.4	0.2	0.2	0.5
Miscellaneous	0.2	0.8	1.5	1.3	1.9
Depreciation & Amortization	31.5	13.0	15.5	14.5	15.7
OPERATING PROFIT (LOSS)	(23.0)%	16.0%	14.5%	11.8%	11.2%
Less: Interest	14.9	7.7	11.9	12.4	9.6
PROFIT (LOSS) BEFORE TAX	(37.9)%	8.3%	2.6%	(0.6)%	1.6%
Base	(6)	(19)	(28)	(34)	(21)
					(16)

TABLE 80
SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS: Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:						
Sk. Control Payroll	23.1%	10.4%	6.0%	5.7%	7.1%	4.4%
Slope Maintenance Payroll	1.3	1.0	2.2	3.0	3.2	2.4
Maintenance & Repair Payroll	3.8	1.0	1.8	2.3	2.7	1.9
Ticket Sales Payroll	5.1	1.4	4.0	3.5	4.9	2.7
Other Payroll	3.8	1.4	1.0	1.3	1.5	1.1
	1.4	0.6	1.0	0.9	2.9	0.6
TOTAL PAYROLL	38.5%	15.8%	16.0%	16.7%	22.3%	13.1%
PAYROLL TAXES	6.4%	2.9%	3.3%	3.1%	2.3%	2.8%
OTHER DIRECT	32.0%	12.7%	9.2%	13.4%	11.9%	7.0%
GROSS MARGIN	23.1%	68.6%	71.5%	66.8%	63.5%	77.1%
Base	(1)	(10)	(15)	(28)	(15)	(12)

TABLE 81

AVERAGE SKI AREA FINANCIAL DATA - BALANCE SHEET
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
<u>Assets</u>						
Current Assets	\$ 507	\$ 369	\$ 724	\$ 1,657	\$ 1,603	\$ 6,892
Gross Fixed Assets	5,120	2,595	5,866	10,006	16,492	25,020
Less: Depreciation	(2,822)	(1,490)	(2,409)	(3,579)	(4,990)	(9,331)
Other Assets	1,191	67	1,197	1,640	4,460	3,734
TOTAL ASSETS	\$3,996	\$1,541	\$5,378	\$ 9,724	\$17,565	\$26,315
<u>Liabilities & Net Worth</u>						
Current Liabilities	\$1,081	\$ 243	\$1,221	\$ 1,167	\$ 1,408	\$ 4,818
Long-Term Debt	1,243	656	1,889	3,982	5,092	10,827
Subordinated Debt	254	69	282	1,055	732	2,190
Deferred Taxes	347	0	96	83	95	693
Other Liabilities	236	24	517	1,001	188	920
Net Worth						
Invested	439	842	918	1,978	5,778	3,256
Retained Earnings	396	(293)	455	458	4,272	3,611
TOTAL LIABILITIES & NET WORTH	\$3,996	\$1,541	\$5,378	\$ 9,724	\$17,565	\$26,315
Base	(5)	(18)	(26)	(32)	(20)	(16)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the tenth year the study includes an analysis of those respondents with snowmaking capability and those who operate at night. This chapter presents tabulations on the 85 areas with snowmaking and on the 52 areas with night operations. The reader should recognize that even though these categories have been treated separately a number of areas (30) have both snowmaking and night skiing. The tables (Tables 82-91) follow the text.

The average ski area with snowmaking has larger gross fixed assets, fewer beds at the base, more beds within 10 miles, more night operations, more land development, more skier visits, more revenue per skier visit, a higher lift ticket price, greater utilization, and less profit before tax than the average ski area (largely because of the loss in the Rockies and West shown in Table 82; typically snowmaking areas have more profit than the average area).

Snowmaking ski areas averaged 5.2 percent operating profit on GFA, equal to the ski industry average of 5.2 percent. Snowmaking is dominated by areas east of the Rockies and this past season again illustrated this. All of the respondents in the East had snowmaking while 93 percent of Midwest areas and 96 percent of the New England areas make snow. There are 29 snowmaking ski areas in the Rockies and the West, or 44 percent of the ski areas responding from those geographic areas. These 44 percent earned a 2.4 percent operating profit on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	<u>Total Revenue to GFA</u>		<u>Percent Utilization</u>		<u>Factor</u>	<u>Judgment</u>
All Ski Areas	42%	:	34%	=	1.24	Adequate
All Snowmaking	42	:	40	=	1.05	Fair
New England Snowmaking	46	:	40	=	1.15	Adequate
East and Midwest Snowmaking	46	:	40	=	1.15	Adequate
Rockies and West Snowmaking	39	:	41	=	.95	Fair
All Night Operations	43	:	32	=	1.34	Good

Night operations were again separated. Night skiing effectively increases the potential earning power with only cursory additions to capital. Areas with night skiing usually have less VTF, fewer GFA, fewer beds at the base and within 10 miles, greater days/nights of operation, lower revenue per skier visit, lower lift ticket prices and lower profit than the average area. However, in the 1985-86 season the average area with night operations had an operating profit on GFA of 7.1 percent, compared to the ski industry average of 5.2 percent and an average profit before tax of \$192,000 compared to the industry average of \$105,000.

The 1985-86 survey contains data concerning snowmaking coverage, hours of operation and operating costs. Tables 89 and 90 summarize this data. The average ski area with snowmaking capability covers 107 acres or 23.6 percent of the skiable slopes and trails. The East and Midwest regions cover 76.8 percent, and New England 66.7 percent, while only 11.0 percent of the Rockies and Western ski areas are machine covered.

Similarly the 52 ski areas with lights for night skiing cover an average of only 79 acres or 17.3 percent of the skiable acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported expenses in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 91 summarizes the results of this measure. The cost per acre/hour was about the same as in 1984-85. There was a slight decrease this season for the East and Midwest, and the Rockies and West, but a slight increase in New England.

TABLE 82

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SIZE					
VTF/Hour (000)	6,825	3,044	11,601	6,987	4,684
Gross Fixed Assets (000)	\$11,505	\$4,663	\$18,337	\$11,168	\$6,181
Skiable Acres	192	112	1,050	454	457
Total Acres	1,265	602	2,950	1,583	1,004
LOCATION					
Within 50 Miles of SMSA	36%	49%	28%	38%	56%
With 6+ Areas in 1 Hour	83%	12%	21%	34%	19%
New England	100%	0%	0%	27%	17%
East	0%	58%	0%	22%	31%
Midwest	0%	42%	0%	17%	23%
Central Rockies	0%	0%	55%	19%	0%
Northern Rockies	0%	0%	10%	4%	4%
California & Nevada	0%	0%	21%	7%	10%
Pacific Northwest	0%	0%	14%	5%	15%
SITE CHARACTERISTICS					
Number of Beds at Base ^a	1,204	396	3,535	1,758	321
Number of Beds (10 Miles) ^a	3,522	1,493	8,689	4,454	1,824
With Snowmaking	100%	100%	100%	100%	79%
With Night Skiing	35%	82%	21%	48%	100%
Terrain: Beginner	26%	28%	22%	25%	26%
Intermediate	55%	48%	46%	49%	50%
Expert	19%	24%	32%	25%	24%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	30%	12%	83%	41%	29%
Engaged in Land Development	65%	46%	48%	52%	37%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	117	124	132	125	139
Average Peak Day Crowd	4,943	3,347	6,302	4,787	3,811
Average Skier Visits (000)	214	116	352	223	148
Average Age of Ski Areas	29 years	25 years	24 years	26 years	27 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	\$19.95	\$17.03	\$19.80	\$19.29	\$16.47
Avg. Lift Ticket Revenue/S-V	\$15.73	\$12.86	\$17.31	\$16.00	\$13.24
Avg. Adult Lift Ticket Price:					
(Weekend)	\$22.51	\$19.41	\$22.74	\$21.39	\$19.29
(Weekday)	\$20.23	\$14.60	\$22.43	\$18.83	\$15.83
Average Night Ticket Price					
(Weekend)	\$11.94	\$11.83	\$13.17	\$12.05	\$11.46
(Weekday)	\$13.07	\$11.26	\$11.75	\$11.66	\$11.23
Avg. Adult Season Ticket Price	\$ 435	\$ 288	\$ 496	\$ 396	\$ 320
Average Utilization	39.8%	40.1%	40.7%	40.3%	31.5%
Avg. Profit (Loss) Before Tax (000)	\$ 445	\$ 259	\$ (486)	\$ 55	\$ 192
Ratio: Revenue/GFA	46.4%	46.2%	38.7%	42.1%	43.2%
Base	(23)	(33)	(29)	(85)	(52)

^aFor those areas reporting beds.

TABLE 83

ECONOMIC RATIOS—SNOWMAKING & NIGHT OPERATIONS

	Key	With Snowmaking			All	With Night Operations
		New England	East & Midwest	Rockies & West		
VTF/Hour (000)	A	6,825	3,044	11,601	6,987	4,684
VTF/Hour - Demand/Skier Visit	B	1,500	1,306	1,836	1,628	1,457
Skier Capacity	C	4,550	2,331	6,320	4,293	3,215
Days/Nights of Operation	D	117	124	132	125	139
Season Capacity (000)	E	538	289	865	553	470
Day Season Capacity (000)		476	205	840	495	347
Night Season Capacity (000)		177	102	118	119	123
Actual Skier Visits (000)	F	214	116	352	223	148
Day Skier Visits (000)		196	91	360	212	119
Night Skier Visits (000)		53	37	13	37	36
Profit (Loss) Before Tax (000)	G	\$ 445	\$ 259	\$ (486)	\$ 55	\$ 192
Plus: Depreciation (000)	H	\$ 655	\$ 305	\$ 1,241	\$ 719	\$ 377
Before Tax Cash Flow (000)	I	\$ 1,100	\$ 564	\$ 755	\$ 774	\$ 569
Operating Profit (Loss) (000)	J	\$ 939	\$ 469	\$ 441	\$ 586	\$ 439
Cash Operating Costs (000)	K	\$ 3,746	\$ 1,381	\$ 5,421	\$ 3,398	\$ 1,857
Gross Fixed Assets (000)	L	\$ 11,505	\$ 4,663	\$ 18,337	\$ 11,168	\$ 6,181
Long Term Debt (000)	M	\$ 4,716	\$ 1,415	\$ 11,226	\$ 5,757	\$ 2,159
Equity (000)	N	\$ 3,766	\$ 1,083	\$ 7,933	\$ 4,219	\$ 1,653
Critical Ratios						
1. Health (Debt to Cash Flow)		4.3X	2.5X	14.9X	7.4X	3.8X
Profitability:						
2. Operating Profit on GFA		8.2%	10.1%	2.4%	5.2%	7.1%
3. Profit (BT) on Equity		11.8%	23.9%	Loss	1.3%	11.6%
Performance:						
4. Average Utilization		39.8%	40.1%	40.7%	40.3%	31.5%
Day Utilization		41.2%	44.4%	42.9%	42.8%	34.3%
Night Utilization		29.9%	36.2%	11.0%	31.1%	29.3%
5. Days/Nights of Operation		117	124	132	125	139
Policy & Planning:						
6. Capital/Capacity Ratio		\$2,529	\$2,000	\$2,901	\$2,601	\$1,923
7. Operating/Capacity Ratio		\$ 6.96	\$ 4.78	\$ 6.27	\$ 6.14	\$ 3.95
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		\$15.73	\$12.86	\$17.31	\$16.00	\$13.24
Ski School Margin		\$.69	\$.65	\$.80	\$.74	\$.55
Food Service Margin		\$.98	\$.92	\$.56	\$.74	\$.70
Bar Margin		\$.60	\$.53	\$.25	\$.40	\$.44
Ski Shop Margin		\$.76	\$.31	\$.21	\$.38	\$.32
Ski Rental Margin		\$.92	\$ 1.58	\$.44	\$.80	\$ 1.09
Other Margin		\$.27	\$.18	\$.23	\$.23	\$.13
8. Total - Revenue/Skier Visit		\$19.95	\$17.03	\$19.80	\$19.29	\$16.47
Base		(23)	(33)	(29)	(85)	(52)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Gross Fixed Assets	\$11,505	\$4,663	\$18,337	\$11,168	\$6,181
Revenue:					
Ski Lift Gross - Winter	\$ 3,371	\$1,497	\$ 6,093	\$ 3,572	\$1,965
Ski Lift Gross - Summer	59	2	61	37	14
Supporting Margin - Winter	1,125	538	917	826	523
Supporting Margin - Summer	287	81	(66)	86	132
Year Round Margin	<u>498</u>	<u>37</u>	<u>98</u>	<u>182</u>	<u>39</u>
TOTAL REVENUE	\$ 5,340	\$2,155	\$ 7,103	\$ 4,703	\$2,673
Less:					
Ski Lift Direct Expense	\$ 745	\$ 382	\$ 2,053	\$ 1,050	\$ 593
Payroll Taxes	91	37	186	102	70
Property Operation	<u>639</u>	<u>76</u>	<u>152</u>	<u>253</u>	<u>125</u>
OPERATIONS MARGIN	\$ 3,865	\$1,660	\$ 4,712	\$ 3,298	\$1,885
Less:					
General & Administrative	\$ 693	\$ 292	\$ 1,285	\$ 739	\$ 388
Marketing (advertising, public relations, promotion, etc.)	533	138	592	400	202
Insurance (property, liability)	310	171	358	273	194
Land Use Fees (public)	76	2	231	100	24
Land Use Fees (private)	25	5	28	18	8
Property Taxes	60	33	154	182	50
Other Taxes (except income)	85	29	47	50	19
Snowmaking	333	191	195	230	137
Snow Removal	13	2	22	12	5
Miscellaneous	143	23	118	89	42
Depreciation & Amortization	<u>655</u>	<u>305</u>	<u>1,241</u>	<u>719</u>	<u>377</u>
OPERATING PROFIT (LOSS)	\$ 939	\$ 469	\$ 441	\$ 486	\$ 439
Less: Interest	<u>494</u>	<u>210</u>	<u>927</u>	<u>531</u>	<u>247</u>
PROFIT (LOSS) BEFORE TAX	\$ 445	\$ 259	\$ (486)	\$ (45)	\$ 192
Base	(23)	(33)	(29)	(85)	(52)

TABLE 85

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	29.3%	32.1%	33.2%	32.0%	31.8%
Ski Lift Gross - Summer	0.5	0.0	0.3	0.3	0.2
Supporting Margin - Winter	9.8	11.5	5.0	7.4	8.5
Supporting Margin - Summer	2.5	1.7	(0.4)	0.8	2.1
Year Round Margin	<u>4.3</u>	<u>0.9</u>	<u>0.6</u>	<u>1.6</u>	<u>0.6</u>
TOTAL REVENUE	46.4%	46.2%	38.7%	42.1%	43.2%
Less:					
Ski Lift Direct Expense	6.4%	8.2%	11.2%	9.4%	9.6%
Payroll Taxes	0.8	0.8	1.0	0.9	1.1
Property Operation	<u>5.6</u>	<u>1.6</u>	<u>0.8</u>	<u>2.3</u>	<u>2.0</u>
OPERATIONS MARGIN	33.6%	35.6%	25.7%	29.5%	30.5%
Less:					
General & Administrative	6.0%	6.3%	7.0%	6.6%	6.3%
Marketing (advertising, public relations, promotion, etc.)	4.6	3.0	3.2	3.6	3.3
Insurance (property, liability)	2.7	3.7	2.0	2.4	3.1
Land Use Fees (public)	0.7	0.0	1.3	0.9	0.4
Land Use Fees (private)	0.2	0.1	0.2	0.2	0.1
Property Taxes	0.5	0.7	0.8	0.7	0.8
Other Taxes (except income)	0.7	0.6	0.3	0.4	0.3
Snowmaking	2.9	4.1	1.1	2.1	2.2
Snow Removal	0.1	0.0	0.1	0.1	0.1
Miscellaneous	1.3	0.5	0.5	0.9	0.7
Depreciation & Amortization	<u>5.7</u>	<u>6.5</u>	<u>6.8</u>	<u>6.4</u>	<u>6.1</u>
OPERATING PROFIT (LOSS)	8.2%	10.1%	2.4%	5.2%	7.1%
Less: Interest	<u>4.3</u>	<u>4.6</u>	<u>5.1</u>	<u>4.7</u>	<u>4.0</u>
PROFIT (LOSS) BEFORE TAX	3.9%	5.5%	(2.7)%	0.5%	3.1%
Base	(23)	(33)	(29)	(85)	(52)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA—INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With
	New	East &	Rockies	All	Night
	England	Midwest	& West		Operations
Revenue:					
Ski Lift Gross - Winter	63.1%	69.5%	85.8%	76.0%	73.5%
Ski Lift Gross - Summer	1.1	0.1	0.9	0.8	0.5
Supporting Margin - Winter	21.1	25.0	12.9	17.6	19.6
Supporting Margin - Summer	5.4	3.8	(0.9)	1.8	5.0
Year Round Margin	9.3	1.6	1.3	3.8	1.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	14.0%	17.7%	28.9%	22.3%	22.2%
Payroll Taxes	1.7	1.7	2.6	2.2	2.6
Property Operation	11.9	3.6	2.2	5.4	4.7
OPERATIONS MARGIN	72.4%	77.0%	66.3%	70.1%	70.5%
Less:					
General & Administrative	13.0%	13.5%	18.1%	15.7%	14.5%
Marketing (advertising, public relations, promotion, etc.)	10.0	6.4	8.3	8.5	7.6
Insurance (property, liability)	5.8	7.9	5.0	5.8	7.3
Land Use Fees (public)	1.4	0.1	3.3	2.1	0.9
Land Use Fees (private)	0.5	0.2	0.4	0.4	0.3
Property Taxes	1.1	1.5	2.2	1.7	1.9
Other Taxes (except income)	1.6	1.3	0.7	1.1	0.7
Snowmaking	6.2	8.9	2.7	4.9	5.1
Snow Removal	0.2	0.1	0.3	0.3	0.2
Miscellaneous	2.7	1.1	1.6	2.0	1.5
Depreciation & Amortization	12.3	14.2	17.5	15.1	14.1
OPERATING PROFIT (LOSS)	17.6%	21.8%	6.2%	12.5%	16.4%
Less: Interest	9.3	9.8	13.0	11.3	9.2
PROFIT (LOSS) BEFORE TAX	8.3%	12.0%	(6.8)%	1.2%	7.2%
Base	(23)	(33)	(29)	(85)	(52)

TABLE 87

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking			All	With Night Operations
	New England	East & Midwest	Rockies & West		
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	4.2%	6.5%	6.2%	5.7%	6.1%
Ski Patrol Payroll	1.7	1.1	3.3	2.6	1.7
Slope Maintenance Payroll	1.6	1.4	2.5	2.2	1.6
Maintenance & Repair Payroll	2.4	2.4	4.2	3.6	3.3
Ticket Sales Payroll	0.9	0.8	1.5	1.3	1.1
Other Payroll	0.7	0.3	2.1	1.5	1.2
TOTAL PAYROLL	11.5%	12.5%	19.8%	16.9%	15.0%
PAYROLL TAXES	2.6%	2.5%	2.8%	2.7%	2.9%
OTHER DIRECT	7.3%	9.6%	12.0%	10.5%	10.7%
GROSS MARGIN	78.6%	75.4%	65.4%	69.9%	71.4%
Base	(16)	(17)	(22)	(55)	(30)

TABLE 88

AVERAGE SKI AREA FINANCIAL DATA—BALANCE SHEET
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	Night Operations (000)
<u>Assets</u>					
Current Assets	\$ 3,192	\$ 641	\$ 3,449	\$ 2,325	\$ 746
Gross Fixed Assets	11,664	4,852	18,863	11,629	6,409
Less: Depreciation	(4,462)	(2,364)	(5,581)	(4,067)	(2,910)
Other Assets	<u>2,101</u>	<u>403</u>	<u>5,790</u>	<u>2,756</u>	<u>713</u>
TOTAL ASSETS	\$12,495	\$3,532	\$22,521	\$12,643	\$4,958
<u>Liabilities & Net Worth</u>					
Current Liabilities	\$ 2,966	\$ 920	\$ 1,941	\$ 1,840	\$ 773
Long-Term Debt	3,435	1,294	9,808	4,863	1,947
Subordinated Debt	1,281	121	1,418	894	212
Deferred Taxes	363	73	179	190	117
Other Liabilities	684	41	1,242	637	256
Net Worth					
Invested	2,368	666	5,590	2,858	837
Retained Earnings	<u>1,398</u>	<u>417</u>	<u>2,343</u>	<u>1,361</u>	<u>816</u>
TOTAL LIABILITIES & NET WORTH	\$12,495	\$3,532	\$22,521	\$12,643	\$4,958
Base	(22)	(30)	(28)	(80)	(49)

TABLE 89

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	192	112	1,050	454
Average Snowmade Acres	128	86	115	107
Proportion	66.7%	76.8%	11.0%	23.6%
Total Skier Capacity	4,550	2,331	6,320	4,293
Average Snowmade Capacity	3,033	1,790	692	1,012
Average Snowmade Density	24/acre	21/acre	6/acre	9/acre
Base	(23)	(33)	(29)	(85)

TABLE 90

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
AREAS WITH NIGHT SKIING AND SNOWMAKING

	Snowmaking			All Areas With Night Skiing
	New England	East & Midwest	Rockies & West	
Average Skiable Acres	-	-	-	457
Average Lighted Acres	60	74	59	79
Proportion	-	-	-	17.3%
Average Night Capacity	1,769	2,107	1,775	1,895
Average Night Density	29/acre	28/acre	30/acre	24/acre
Base	(8)	(27)	(6)	(52)

TABLE 91

SNOWMAKING COST ANALYSIS, 1985-86

	New England	East & Midwest	Rockies & West	Total Sample
Labor (000)	\$ 82.4	\$ 41.9	\$ 57.5	\$ 58.2
Power (000)	159.2	114.9	81.0	115.3
Maintenance (000)	46.0	25.6	25.5	31.1
Other (000)	<u>45.4</u>	<u>8.3</u>	<u>30.9</u>	<u>26.1</u>
Total (000)	\$333.0	\$190.7	\$194.9	\$230.7
Acres Covered	128	86	115	107
Hours Operated	1,430	942	652	974
Average Cost/Acre Hour	\$1.82	\$2.35	\$2.60	\$2.21
Base	(23)	(33)	(29)	(85)

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1985-86 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

Blue Mountain Resorts Limited completed a 50 percent capacity increase in its snowmaking system for the 1985-86 season. This, coupled with unusually good weather conditions from Christmas to the March break, produced our best winter season ever.

Good, cold snowmaking weather—not much natural snow. Twenty percent increase in price did not adversely affect us.

For the first time in four years, we had a decent, cold December; the rest of the winter was good, except that, for the second year in a row, we did not have natural snow in March. Overall, our luck was much better than average and the results reflected it. Our pre-tax income (before non-recurring items) was \$1,133,237, the third best in history. Had it not been for the horrible insurance and insurance-related costs, it would have been our best year ever.

December (Christmas) good. February poor, warm. Very little snow entire winter but good snowmaking weather early season. Peak crowds good, but average up. Overall, good winter.

Cold weather and sunshine combined to give us a very strong beginning. The season was cut off abruptly by a series of 60 degree days in early March. Plans got underway for a \$9.5 million expansion beginning in the summer of 1986 which includes 4 new lifts, trail improvements, a \$4 million snowmaking expansion, and improved base facility.

Added 2 triple chairlifts during fall of 1985. Expanded snowmaking system from 23 percent to 65 percent coverage.

Additional dual lift added. Lift ticket prices were increase by 20 percent in some cases.

Expansion of snowmaking and night lighting. More involved with lift/lodging packaging, but for non-prime time only—very effective. Marketing strategy: to move somewhat towards a "mini-destination" resort—take advantage of lodging and village and nearby major metropolitan areas, but not overlooking importance of day skiers and our relatively moderate size (as compared to West.

Vermont, etc.). Many skiers taking advantage of our full operation midweek (9 lifts/42 slopes) and 2-3 night visits are growing. Weather was more cooperative than past few years, but still not like the "older days." But with skier education about snowmaking and grooming capabilities, we are beginning to overcome the "no snow in our backyard" syndrome!

Natural snow that fell stayed so conditions were relatively constant most of the season. More emphasis on marketing vacation packages and learning to ski paid off. Vacation business increased.

Excellent Christmas season.

Seven percent addition to capacity. Near normal snowfall. Generally good winter weather. Only one 10-day January thaw. Early spring shortened season. Very strong local and regional market supported by major increase in local bed base.

Less than normal snowfall. Two heavy rainfalls in January required extensive trucking of snow to slopes. Good crowds and weather most weekends. Season ended quickly due to unusually warm weather Easter weekend. Snowmaking (20 acres) and quad chair being installed for 86-87 season.

A key to the success of the 1985/86 ski season was the weather. Through the month of December, it snowed almost every day although we had no major snowstorms. From early December through early March, the temperature rarely rose above freezing—ideal snowmaking weather. It either snowed or we made snow 106 days. We also experienced no thaws during the winter. The excellent December weather brought skiers to the mountain early in the season, and they kept coming all winter long. The total natural snowfall for the year was actually slightly below average.

Snowmaking installed, 4 novice trails at Mt. Sunapee. Christmas fair, rest of season good, sudden closing late March. Last 2 weeks March very warm, season good overall, snowfall below average but cold weather was positive factor.

This past winter season was almost great. We had high skier interest due to a timely start. Unfortunately, we had bad weather (rain) on key weekends in January. We did, however, sell more passes than ever before and we expect to do better this year. Our pass holders had a great year.

Good overall year—got holiday period in. Closed mid-March, not so much because of conditions as due to lack of skier interest.

\$1.5 million expansion, new ski rental shop with 2,500 sets of equipment, new 3,200 foot double chairlift, N 5,000 foot trail. Best season ever! Thirty percent over projections. Good weather, strong Christmas Holiday week. Placed strong emphasis on group sales effort and it paid off.

Our first day of skiing was December 6. We had plenty of cold weather throughout the winter for snowmaking plus we had 38" of natural snow. When we closed on March 16, we still had plenty of snow but lacked the skiers.

We added a quad chairlift. We were the hosts for the 1985-86 World Cup Finals and we had a very nice temperature during Christmas holidays.

The 85-86 season can be characterized as a good season but soft prior to the Christmas holiday and the month of April due to natural snow condition in both periods. For Christmas to the end of March there were no season's weather problems. The volume of business was affected somewhat by the fact that all areas in southern New England generally had good snow conditions, thereby spreading the skiing public over a larger number of areas.

Cold early season weather made for optimum snowmaking conditions. This allowed for good snow conditions which lasted until late spring despite lower than average snowfall. A new quad chair and 172 day season helped to produce a record number of skier visits.

No major changes at the area. No records for attendance were set, but business was very steady. A good season. The cost of insurance was probably the only thing that hurt our bottom line. We were probably a little underpriced. Have to correct that next year.

Despite only 40" of natural snow, Wachusett experienced a record year. Our response to an unexpected insurance increase was a \$1 surcharge on lifts and rentals, which helped maintain our profitability.

World Cup triple chair added this past winter. New record set for skier volume despite snowfall being 28 percent below normal level.

Consistent cold weather for snowmaking including early opening. Only two warming spells but neither caused enough damage to close somewhat unusual for the southeast. One-half price early and late season tickets resulted in increased volume and increased skier awareness of length of season.

MIDWEST

Tremendous snow conditions from 11-23-85 right through 3-16-86.

The 1985-86 season was an excellent year. Started early with heavy snow, reasonable temperatures on most weekends; temperature extremes come midweek.

Good snow season!

What can I say!

Added new triple chair. Great holiday season. Mild January resulting in 12-days without snowmaking. Final tally: average season. Insurance rates zapped bottom line. Pass on the cost? In the age of deflation, we are seeing price resistance. We are in the entertainment business and the folks have other choices to "have a good time for the bucks."

Season marked excellent temperatures for early snowmaking and strong natural snowfall. There was little unfavorable skiing weather throughout the season. We added snowmaking capacity, increased grooming capabilities and an interchangeable lift pass with our neighboring resort.

Average skiers per day shows very little increase. Season was longer than last year—lost only one day (stormy). Increased daily lift fees and memberships over last year.

Although all the other aspects of the season were average, the period between Christmas and New Years was a "door-buster" and, because of it, we had the best season ever as far as gross sales was concerned; however, liability insurance costs put us in the red.

We received 18" of natural snow on December 1, and it stayed until March. We increased prices to more than cover the dramatic increase in insurance costs. We had the best year in our history.

Season started strong with good snowfall. Spring came early, March sales down 55 percent compared with March 1985.

The holidays were excellent for the first time in 4 years. Local Pro Football interest and soft weather from mid-January to mid-February offset this, however. Increased prices due to insurance costs might have met with substantial resistance. On the balance it was not a good season.

ROCKY MOUNTAIN

The impact of the new quad detachable lifts in Vail had a negative impact on skier numbers at Beaver Creek. In addition warm spring weather conditions also negatively impacted skier numbers during the month of April.

We completed our expansion program adding a new triple chairlift on a new side of the mountain and a restaurant on the summit. Private parties completed a 50 condominium unit in our base area on land they had purchased the prior year. We are presently registering with the Securities and Exchange Commission.

Bogus Basin started off the 85-86 season with an unusually good pre-Thanksgiving opening. Sub-freezing weather, coupled with a record 62 days of snow on the ground in the Boise valley during December and January discouraged our local skiers. Heavy snows at the area in late February brought snow depths back to near normal levels but skier counts failed to bounce back and the area finished the season with a 17 percent decrease in skier visits over the previous year. Our fastest growing program continues to be lessons for 3 to 5 year olds (Mogus Mouse). There was also a significant increase in our school night program. The \$5.00 Monday Night on the Mountain program also continues to be successful. Bogus Basin day/night season passes and all child and night season pass rates were held for a second season. Increases in the day season pass, discount card and daily lift tickets resulted in an overall 3.5 percent rate increase. Other highlights of the season were the dedication of a new 1500' run on Deerpoint by Steve Mahre and the hosting of the Regional Handicap Races in February.

Copper Mountain Resort was the site of America's largest ski expansion (290 acres) for the 85/86 ski season with the addition of double diamond Spaulding Bowl which includes 2 new lifts. Our aggressive advertising of our strengths and expansion provided us the ability of having a 10 percent increase in skier days over the 84/85 ski season.

No new areas. Variable lift rates during holidays. Excellent weather during Christmas and New Year's. Rain during Washington's Birthday.

Weather patterns allowed for an early opening Nov. 27; however, snow slacked off for Christmas holiday weeks and early January and again in the beginning of March causing an early closing on March 30. Result: AVERAGE ski season.

Winds in February over Washington's birthday weekend caused several days of shut down and resulted in loss of approximately 6,000 skier days. The extremely mild weather in April caused the loss of approximately 3,000 skier days. The insurance rate increase added another \$1 to our lift ticket cost. On the brighter side, our "Kids Free Program" seemed to take off.

We experienced 9 feet of snow in 12 days commencing about the 10th of February. Virtually all of our mountain was closed down (with the exception of some of our lower lifts) and we probably lost about \$500,000 in lift ticket revenues, most of which would have gone directly to the bottom line as profit.

Negative impact from: Publicity from our Chapter 11 Bankruptcy filing, rumors of poor snow, cut of marketing expenditures, pull out of consignment ticket market contributed to a 20 percent decrease in skier visits.

We put a lot into expansion and got caught with a bad weather year.

Opening of additional skiing terrain "The Legends" was certainly the highlight for 1985-86. Nastar was added to the Race Arena. 2nd Annual NFL Championship Races, opening of Kendall Mountain adding commercial space.

Second best year. Good early snow. Unusually warm January and again in March. Lowest April numbers on record, people just stopped skiing in spite of pretty good conditions.

New expert trails, new automatic time for racing. Poor natural snowfall. Despite excellent snow-making system, "no-snow" weather reports and very mild winter in market areas caused skier day decline.

Three weeks was our entire ski season. Poma, beginner hills open 72 days. Second worst snow year in history. Too warm to make much snow on lower area with new snowmaking system.

Marginal snow (natural). Extensive grooming, yielding generally good skiing. Man-made snow in lower areas all winter. Opened new base, an all-purpose facility. Held many events and races all season.

Lift ticket rates were unusually low in '85/86. \$5 weekdays and \$10 weekend and holidays.

Good, early snowfall started year off well. Poor weather from Washington's Birthday to end of season caused decline in skier days.

It was not a good snow year. Our snowmaking system is continually expanding.

Very lean snow year; however, the expansion in snowmaking alleviated most of the problems which could have occurred. The opening of 2 lifts which service our most expert area was a marketing success and marketing efforts directed toward an increase in group skier visits resulted in a dramatic increase in this category of skier.

Installation of four new high-speed detachable quad chairlifts and expansion of ski terrain. Warmer spring weather conditions had a negative impact on skier numbers during the month of April.

WEST

Spring weather had temperature well above normal.

The addition of T-Bar kept our skier visits in line with last year while poor snow conditions caused marked decreases in skier visits of nearby mountains.

1985-86 started up from our record 84-85 season which was up 54 percent the average 83-84 season. Then low snow, rain and a temperature inversion in Seattle all plagued our season and we never developed market enthusiasm.

We installed a new triple, opening up 6½ miles of trails and raising our total vertical to 1,600' from 1,000'. Weather was very unusual - heavy rain or snow during many of our normal peak days. However, we ended our season better than most in the Far West. We believe this was due to our expansion.

We had a poor, warm snow year. We got little use of snowmaking. The reduction of oil revenues has hurt revenues due to layoffs and cutbacks.

Average year; no major expansions or changes.

Lack of snow at other areas near Spokane gave skiers bad impression and they stayed home. Warm weather arrived in March and skiers quit skiing completely.

Given the weather conditions, much better than expected. We give a great deal of the credit to the expansion of snowmaking. The new Martin Luther King holiday was a real pleasant surprise. Unfortunately, the monsoons at Washington's birthday kept 85/86 from being a truly superior season.

Our resort was closed six consecutive days in February, due to an unusually long and persistent snow storm. For the same reason we were also closed Presidents Day weekend. As a result our revenues for the season were approximately \$500,000 less than what they should have been.

Excellent start Thanksgiving Day; no snow and exceptionally warm after December 11; closed January 20 with town temperatures in high 80s-low 90s; reopened February 1. Good Presidents Day weekend. Another warm spell; closed March 2nd. Reopened March 13 through Easter Sunday. Lowest average-skiers-per-day in years.

In January and February it became apparent we were in for a difficult season, mainly resulting from poor weather. Unfortunately we were unable to recover the loss in revenue resulting from the poor weather.

We had a very poor weather season with holiday rains and an 18 percent drop in skier visits. Coupled with the construction and staffing of a second day lodge, our profits are down significantly in what should be a one-time loss. Construction of our new lodge will be completed before the 1986-87 season; therefore, we should be positioned very well within our competitive market.

Month of February was wiped out with heavy rain, snow and floods in the valley.

Very erratic season with power and natural gas outages, rain, record heat in March, one heart attack death, customer-employee fight - all in all, normal Sierra ski season!

Late start, poor Christmas, early spring, snowpack approximately one-third of normal.

Started very cold (media advised skiers to stay home), then fog hit valley highways and airports for Christmas holidays, then warm temperatures in January, then storm closed highways for a week (over February holidays), and motels, businesses had no gas or power. Easter being so late, skiers lost interest and turned to other spring activities.

Major storm Presidents weekend (peak holiday period) - closed for 3 days. The ski area was closed a total of 5 days last season due to inclement weather. Spring skier rates: all day adult lift ticket = \$14 (March 10th). Learn-to-Ski specials and Superskier Family Fares.

Early snow resulted in a terrific start. However, excess fog over Christmas, lack of fresh snow in January/February and poor conditions in March/April all contributed to an average season for us.

Increased skier days + 11,200 - Partners in Tourism Alaska Market. Fifty percent government, 50 percent Ski Corporation dollars. Poor April, very little sun, cool weather. Increased on-mountain price \$3.00 - \$2.00 downtown. More group business and Skiing is Believing. Ski School program - increase in numbers.

Opened new beginner/intermediate area (30 acres) with one new triple chair (1,250'). Weather pattern for the entire season was very mild with a lot of rain and seldom cold enough to make snow.

New detachable quad chair (POMA). Renovated 6 passenger gondola (POMA). New mid-mountain restaurant and bar (6,000 square feet). No new snow in January. February - lots of rain below 8,000 feet. Presidents weekend was almost a complete rain-out.

Very bad weather during expected peak periods.

The region had a very good snow year. This and the successful operation of snowmaking equipment by a major competitor allowed other ski areas in this region to stay open longer and cut into our market share. Insurance costs increased 121 percent and will likely increase 100 percent this year. However, we managed to maintain revenues with a \$2 increase in the adult full day ticket at season opening and a further \$1 increase on February 24. This brought our adult full day ticket to \$26 Canadian.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1985-86 SEASON

This list consists of the 124 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

	<u>East</u>
Attitash Route 302 Bartlett, New Hampshire 03812	Cataloochee Ski Area Rt. 1, Box 502 Maggie Valley, North Carolina 28751
Blue Mountain Resorts Limited R.R. No. 3 Collingwood, Ontario Canada L9Y 3Z2	Gray Rocks P.O. Box 1000 Saint-Jovite, Quebec Canada J0T 2H0
Bolton Valley Resort Bolton Valley Bolton Valley, Vermont 05477	Greek Peak, Inc. 2000 NYS Route 392 Cortland, New York 13045
Bretton Woods Ski Area Route 302 Bretton Woods, New Hampshire 03575	Gunstock P.O. Box 336 Laconia, New Hampshire 03247
Bromley, Inc. P.O. Box 1130 Manchester Center, Vermont 05255	Haystack Ski Area RR1, Box 173 Wilmington, Vermont 05363
Bryce Resort P.O. Box 3 Basye, Virginia 22810	Hidden Valley Highlands Group Box No. 74, R.R. No. 4 Huntsville, Ontario Canada P0A 1K0
Butternut Basin State Road Gt. Barrington, Massachusetts 01230	Hidden Valley Resort 1 Gordon Craighead Memorial Drive Somerset, Pennsylvania 15501
Camelback Ski Corporation P.O. Box 168 Tannersville, Pennsylvania 18372	Holiday Valley Resort P.O. Box 370, Holiday Valley Road Ellicottville, New York 14731

Jay Peak Ski Area
RFD 2, Route 242
Jay, Vermont 05859

Jiminy Peak, Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

Kissing Bridge Corporation
Route 240
Glenwood, New York 14069

Loon Mountain Recreation Corporation
Lincoln, New Hampshire 03251

Lost Valley Ski Area
P.O. Box 260
Lost Valley Road
Auburn, Maine 04210

Mont Farlagne
P.O. Box 61
Edmundston, New Brunswick
Canada E3V 3K7

Mont St-Sauveur Ltée
Rue St-Denis, C.P. 910
St-Sauveur-Des-Monts, Quebec
Canada J0R 1R0

Mount Snow Ski Resort
Route 100
West Dover, Vermont 05356

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Mt. Tom Ski Area
P.O. Box 1158
Holyoke, Massachusetts 01041

Pick'n Peak Recreation, Inc.
Ye Olde Road, R.D. 2
Clymer, New York 14724

Shawnee Mountain, Inc.
P.O. Box 93
Shawnee-on-Delaware, Pennsylvania 18356

Ski Hawksnest
Rt. 1, Box 256
Banner Elk, North Carolina 28604

Ski Liberty
Box D
Fairfield, Pennsylvania 17320

Ski Roundtop
925 Roundtop Road
Lewisherry, Pennsylvania 17339

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Ski Windham
Clarence D. Lane Road
Windham, New York 12496

Snowshoe Mountain Resort
P.O. Box 10
Snowshoe, West Virginia 26209

Station de Ski Bromont Inc.
150, Champlain Street
Bromont, Quebec
Canada J0E 1L0

Stowe
dba Mt. Mansfield Company
Rt. 108, Box 1310
Stowe, Vermont 05672

Stratton Mountain
Stratton Mountain, Vermont 05155

Swain Ski Center
Swain, New York 14884

Wachusett Mountain Ski Area
499 Mountain Road
Princeton, Massachusetts 01541-1105

Waterville Valley Ski Area
 Tripoli Road
 Waterville Valley, New Hampshire 03223

Wildcat Mountain
 Pinkham Notch
 Jackson, New Hampshire 03846

Wolf Laurel Resort
 Rt. 3
 Mars Hill, North Carolina 28754

Midwest

Buena Vista Ski Area
 P.O. Box 1308
 Bemidji, Minnesota 56601

Caberfae
 319 N. Lake Street
 Cadillac, Michigan 49601

Cascade Mountain, Inc.
 Rt. 2, Box 138A
 Portage, Wisconsin 53901

Crystal Enterprises, Inc.
 dba Crystal Mountain
 M-115 at Lindy Road
 Thompsonville, Michigan 49683

Indianhead Mountain
 Indianhead Mountain Road
 Wakefield, Michigan 49968

Mad River Mountain
 Box 22
 Bellefontaine, Ohio 43311

Paoli Peaks, Inc.
 P.O. Box 67
 Paoli, Indiana 47454

Pine Mountain
 N3332 Pine Mountain Road
 Iron Mountain, Michigan 49801

Ski Butler
 General Butler State Park, Hwy. 227
 P.O. Box 89
 Carrollton, Kentucky 41008

Skyline Ski Area
 Rt. No. 1, Box 1708
 Grayling, Michigan 49738

Snow Trails
 P.O. Box 1456
 Mansfield, Ohio 44901

Snowstar
 9500 126th Street West
 Taylor Ridge, Illinois 61284

Sundown
 9000 Asbury Rd.
 Dubuque, Iowa 52001

Terry Peak Ski Area
 P.O. Box 774
 Lead, South Dakota 57754

Wilmot Mountain Inc.
 Box 177
 Wilmot, Wisconsin 53192

Rocky Mountain

Alta
Alta, Utah 84092

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81612

Beaver Creek
P. O. Box 7
Vail, Colorado 81658

The Big Mountain
P.O. Box 1400
Whitefish, Montana 59937

Bogus Basin Recreational Association, Inc.
2405 Bogus Basin Road
Boise, Idaho 83702

Breckenridge Ski Area
P.O. Box 1058
Breckenridge, Colorado 80424

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Buttermilk Mountain
P.O. Box 1248
Aspen, Colorado 81612

Copper Mountain Resort
P.O. Box 3001
Copper Mountain, Colorado 80443

Crested Butte Ski Area
P.O. Box A, Mt. Crested Butte
Mt. Crested Butte, Colorado 81225

Deer Valley Resort
P.O. Box 889
Park City, Utah 84060

Fairfield Snowbowl
P.O. Box 1208
Flagstaff, Arizona 86001

Grand Targhee Resort
Alta, Wyoming Via
Driggs, Idaho 83422

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Monarch Ski Resort
Box SA
Garfield, Colorado 81227

Montana Snow Bowl
1700 Snow Bowl Road
Missoula, Montana 59802

Purgatory (Durango Ski Corporation)
P.O. Box 666
Durango, Colorado 81302

Red Lodge Mountain
Drawer R
Red Lodge, Montana 59068

Red River Ski Area
P.O. Box 900
Red River, New Mexico 87558

Sandia Peak
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Santa Fe Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Showdown Ski Area
P.O. Box 92
Neihart, Montana 59465

Ski Cooper
P.O. Box 896
114 E. 6th Street
Leadville, Colorado 80461

Snowmass
P.O. Box 1248
Aspen, Colorado 81612

Solitude Ski Resort Company
P.O. Box 17557
Salt Lake City, Utah 84117

Steamboat Ski Corporation
2305 Mt. Werner Circle
Steamboat Springs, Colorado 80487

Taos Ski Valley, Inc.
P.O. Box 90
Taos Ski Valley, New Mexico 87571

Telluride Ski Resort, Inc.
137 W. Colorado Avenue
P.O. Box 307
Telluride, Colorado 81435

Vail
P.O. Box 7
Vail, Colorado 81658

Winter Park Recreational Association
P.O. Box 36
Winter Park, Colorado 80482

West

Anthony Lakes Corporation
P.O. Box 3040
La Grande, Oregon 97850

Apex Alpine
P.O. Box 488
Penticton, British Columbia
Canada V2A 6K9

Big White Ski Resort, Ltd.
P.O. Box 2039, Station R
Kelowna, British Columbia
Canada V1X 4K5

Blackcomb Skiing Enterprises
P.O. Box 98
Whistler, British Columbia
Canada V0N 1B0

Boreal Ski Area
P.O. Box 39
Truckee, California 95734

Crystal Mountain, Inc.
P.O. Box 1
Crystal Mountain, Washington 98022

Dodge Ridge Ski Area
P.O. Box 1188
Pinecrest, California 95364

Eaglecrest Ski Area
155 S. Seward Street
Juneau, Alaska 99801

Fortress Mountain
P.O. Box 7220, Station E
Calgary, Alberta
Canada T3C 3M1

49th North
P.O. Box 166
Chewelah, Washington 99109

Heavenly Valley
P.O. Box 2180
Stateline, Nevada 89449

Hoodoo Ski Bowl
Box 20, Hwy. 20
Sisters, Oregon 97759

Kirkwood
P.O. Box 1
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Mammoth Mountain Ski Area
P.O. Box 24
Mammoth Lakes, California 93546

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98801

Mt. Bachelor, Inc.
P.O. Box 1031
Bend, Oregon 97709

Mt. Hood Meadows
P.O. Box 470
Mt. Hood, Oregon 97041

Mt. Reba, Inc.
P.O. Box 5038
Bear Valley, California 95223

Mt. Rose Ski Resort
P.O. Box 2406
Reno, Nevada 89505

Mt. Washington Ski Resort
Box 217
Campbell River, British Columbia
Canada V9W 5B1

Northstar-at-Tahoe
P.O. Box 129
Truckee, California 95734

Red Mountain Ski Area
Box 939
Rossland, British Columbia
Canada V0G 140

Sierra Ski Ranch
Sierra Ski Ranch Road
Twin Bridges, California 95735

Sierra Summit
P.O. Box 236
Lakeshore, California 93634

Ski Bluewood
P.O. Box 88
Dayton, Washington 99328

Ski Incline
P.O. Drawer AL
Incline Village, Nevada 89450

Ski Snoqualmie (Alpentel-Ski Acres)
3010 77th Avenue, S.E., No. 201
Mercer Island, Washington 98040

Smithers Ski Corporation
P.O. Box 492
Smithers, British Columbia
Canada V0J 2N0

Snow Summit
P.O. Box 77
Big Bear Lake, California 92315

Snow Valley
P.O. Box 8
Running Springs, California 92382

Squaw Valley USA
P.O. Box 2007
Olympic Valley, California 95730

Sugar Bowl
P.O. Box 5
Norden, California 95724

Sunshine Village Corporation
P.O. Box 1510
Banff, Alberta
Canada T0L 0C0

Timberline Lodge
Timberline, Oregon 97028

Whistler Mountain Ski Corporation
P.O. Box 67
Whistler, British Columbia
Canada V0N 1B0

APPENDIX B

National Ski Areas Association Annual Economic Survey 1985-86 Season

PLEASE RETURN BY AUGUST 15, 1986

This questionnaire represents the eighteenth economic survey of North American Ski Areas. The response in 1984-85 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1985 summer season and the winter season 1985-86. If you wish to send us a copy of your **complete financial statement** (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area _____ Telephone _____
Address _____
City _____ State _____ Zip Code _____
Fiscal Year _____ 19 _____ to _____ 19 _____
Person to contact if further information is required _____
Telephone number where contact person can be reached during September and October _____
Person to whom the final report should be sent _____

1985-86 GENERAL INFORMATION (For Classification Purposes)

1. Ski lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year give your total 1984-85 VTF/Hr and then list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, just give your 1984-85 VTF/Hr total.
1984-85 Total Area VTF/Hr _____

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately) Definition 3	Year Lift First Operated (Definition 4)	Vertical Drop (Definition 5)	Uphill Capacity in Skiers/Hour (Definition 6)	VTF/Hour (CxD) (Definition 7)
1985-86 Total Area Vertical Transport Feet/Hour				

2. Year area first operated _____
3. Does your ski area have snowmaking?
☐ yes ☐ no
 If yes, how many hours did you operate snowmaking equipment in 1985-86? _____ Hours
4. 1985-86 ski area acreage.
 a) Total acreage at ski area _____ acres
 b) Total skiable acreage _____ acres
 c) Acres of maintained/groomed slopes _____ acres
 d) Acres covered with snowmaking equipment _____ acres
 e) Acres under lights for night skiing _____ acres
 f) Acres under USFS permit: total acres _____
 skiable acres _____ maintained acres _____
5. Classification of your ski area—choose one.
☐ **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area primarily serves a day skier market)
☐ **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend)
☐ **Vacation Destination Skier Area** (area which primarily serves the skier who stays longer than a weekend)
☐ **Weekend Only Area** (area which is open only on weekends)
6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and include season ticket use.) (See Definition 8)
- | | Skier-visits | | |
|---------|--------------|-------|-------|
| | Day | Night | Total |
| 1985-86 | _____ | _____ | _____ |
| 1984-85 | _____ | _____ | _____ |
| 1983-84 | _____ | _____ | _____ |
| 1982-83 | _____ | _____ | _____ |
| 1981-82 | _____ | _____ | _____ |
7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Please provide us with:
 a) Your **peak crowd** in 1985-86: _____ skiers at one time
 b) Your estimate of your "design" **daytime skier capacity** in 1985-86: _____ skiers at one time.
 1) Total days of operation in 1985-86: _____ days.
 2) Of the total days of operation we could handle our design crowd (a) _____ days; between 50 and 99% of our design crowd: (b) _____ days; less than 50% of our design crowd: (c) _____ days.
 (a) + (b) + (c) equals total days operation in 1).
 c) If you also operate some lifts and trails at night, your estimate of your "design" **nighttime skier capacity** in 1985-86: _____ skiers at one time
 1) Number of nights when all night lifts and trails were open and skiable and you could handle a full nighttime crowd: _____ nights.
8. 1985-86 Ticket Prices:
 Adult Weekend All-Day Ticket \$ _____
 Adult Weekday All-Day Ticket \$ _____
 Night Weekend Ticket \$ _____
 Night Weekday Ticket \$ _____
 Single Adult Season Ticket \$ _____
9. Proximity to metropolitan area (SMSA) in miles. (See Definition 9)
☐ 0-24 ☐ 25-49 ☐ 50-74
☐ 75-99 ☐ 100 or more
10. How many ski areas are within 1 hour's driving time of your area
☐ 0 ☐ 1 ☐ 2-3 ☐ 4-5 ☐ 6 or more
11. Percentage of your terrain in the following categories:
 Beginner _____% Intermediate _____% Expert _____%
12. Lodging available to ski patrons
 Number of beds at your base area _____
 Number of beds within 10 miles of your base area (including beds at base) _____
13. Other activities available (check all that apply)
- | | Physically Offered at Area | Offered Nearby |
|------------------------------|----------------------------|--------------------------|
| Toboggan or Sleds | ☐ | ☐ |
| Snowmobile | ☐ | ☐ |
| Ice Skating | ☐ | ☐ |
| Ski Touring | ☐ | ☐ |
| Golf | ☐ | ☐ |
| Tennis | ☐ | ☐ |
| Swimming | ☐ | ☐ |
| Other Water Sports | ☐ | ☐ |
| Summer Slide | ☐ | ☐ |
| Other (please specify) _____ | ☐ | ☐ |
14. Ski Area Land Ownership is:
☐ All private land
☐ Partially or wholly public land
☐ U.S.F.S. permit
☐ State/Provincial land lease
☐ Canadian Government land lease
☐ Other (county, etc.) _____
- Percent of slope transport feet (see Definition 10) on USFS land _____%
15. Is your area engaged in land and/or real estate development? ☐ yes ☐ no
 If yes, do you offer (check all that apply):
☐ First home sites
☐ First homes
☐ Second home sites
☐ Second homes
☐ Condominium sites
☐ Condominiums
☐ Commercial sites
☐ Commercial buildings
16. Does your area use a computer? ☐ yes ☐ no
 If yes, is it ☐ Owned, ☐ Timeshare?
 What brand? _____ Model? _____
 What applications is it used for (check all that apply):
☐ Payroll
☐ Accounts Receivable
☐ Accounts Payable
☐ Forecasting
☐ Market Research
☐ Ticket Sales
☐ Other (please specify) _____

17. Ski area employment¹ in 1985-86 (including concession employees):

Total Number of Employees:	Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom- modations	Other	Total All Operations	
									Number of Employees	Full-time Equivalent
on average day	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
on peak day	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____

1985-86 Itemized Income Statement for a 12-Month Period _____ 1985 Through _____ 1986
(See Definitions 11-16):

Winter Season Operations								
	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom- modations	Other ¹
Do not have	()	()	()	()	()	()	()	()
Own and Operate	()	()	()	()	()	()	()	()
Concession:	()	()	()	()	()	()	()	()
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue—Gross Sales or	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Concession Income		\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold			\$ _____	\$ _____	\$ _____	\$ _____ ⁴		\$ _____
(B) Direct Labor	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(C) Other Direct ⁵	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Less: Direct Allocations								
(D) Payroll Taxes, etc	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
(E) Property Operation								
Equals: GROSS MARGIN:	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

*Detail Winter Lift Department

Direct Labor:	(000)
Lift	\$ _____
Ski Patrol	\$ _____
Slope Maintenance	\$ _____
Maintenance and Repair	\$ _____
Ticket Sales	\$ _____
Other	\$ _____
Total	\$ _____

¹Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.

²The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.

³Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.

⁴Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.

⁵Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.

⁶Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.

⁷Despite all efforts to the contrary, there are major items of expense involved in the operation and maintenance of a ski area that do not lend themselves to a direct charge to an operating department. For example, an area might have a general maintenance crew who works from a common supply of tools and repair parts to do minor maintenance in all departments of the ski area. For comparability and analysis, these costs are consolidated as Property Operations, Maintenance and Energy. You may allocate them by department or group them under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1985-86 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1985-86 season? (Please use an additional sheet if necessary.)

Year Round Operations			Summer Season Operations							ANNUAL TOTALS
Real Estate	Utility ² Dept	Misc. ³	Lift Dept	Food/Bar Service	Retail Store	Sports Dept	Accommodations	Summer Slide	Other	
()	()	()	()	()	()	()	()	()		
()	()	()	()	()	()	()	()	()		
()	()	()	()	()	()	()	()	()		
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$		\$	\$	\$	\$	\$	\$	\$
\$	\$	\$		\$	\$			\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Less: Common Expenses

(A) General and Administrative	\$
(B) Marketing (Adv. Pub. Pro. P.R. etc.)	\$
(C) Insurance (1) Property (Fire, Theft, etc.)	\$
(2) Liability	\$
(D) Land use fees (1) Public Land Lease	\$
(2) Private Land Lease	\$
(E) Taxes (Except Income taxes)	
(1) Property Taxes	\$
(2) Other Taxes	\$
(F) Snowmaking (1) Labor	\$
(2) Power/Fuel	\$
(3) Maintenance	\$
(4) Other (Water, etc.)	\$
(G) Snow removal	\$
(H) Miscellaneous	\$
(I) Depreciation and Amortization	\$
OPERATING PROFIT (LOSS)	\$
Less: Interest Expense	\$
PROFIT (LOSS) Before Income Taxes	\$

Balance Sheet Information (as of _____ 1986)
(See Definitions 17-25.)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

(Round to Nearest \$1,000)

Assets

1986

- a. Current Assets \$ _____
- b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations) _____
- c. Less Accumulated Depreciation (_____) _____
- d. Other Assets (Including Land Held for Resale and Overnight Accommodations) _____
- TOTAL ASSETS** \$ _____ *

Liabilities and Net Worth

- e. Current Liabilities _____
- f. Long Term Debt _____
1. Senior Long Term Debt (Secured by Mortgaged Chateaus, etc.) _____
2. Subordinated Debt _____
- g. Deferred Taxes _____
- h. Other Liabilities _____
- i. Net Worth _____
1. Invested Capital _____
2. Retained Earnings (Loss) _____
- TOTAL LIABILITIES AND NET WORTH** \$ _____ *

*Please make sure that these figures are the same.

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

Would you like to receive the report in loose leaf form, 3-hole punched, rather than bound the way it is now?

Thank you for your cooperation.

Please return the questionnaire to:
Business Research Division
University of Colorado
Boulder, Colorado 80309-0420

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season—the inclusive months during which a ski area is open each season.
2. Fiscal Year—the month in which an area closes its books.
3. Type of Lifts—for purposes of this study are categorized as surface, chair, or gondola.
4. Year Lift First Operated—year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.
5. Vertical Drop—the vertical distance from the top to the bottom of the slope for a particular lift.
6. Uphill Capacity—the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.
7. VTF/Hour (Vertical Transport Feet Per Hour)—the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.
8. Day Skier Area—area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.
9. Weekend Skier Area—area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.
10. Vacation Skier Area—area which primarily serves the skier who stays longer than a weekend.
11. Weekend Only Area—area which is open only on weekends.
12. Skier Visit—one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. Skier visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)—an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).
14. Slope Transport Feet—a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.
15. Revenue—the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.
16. Direct Labor—total employees' salaries and wages.
17. Other Direct Expense—any other costs directly related to the particular activity (excluding depreciation).
18. Gross Margin—the revenue available to cover other expenses after direct expenses have been deducted.
19. Insurance—includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.
20. Profit (Loss) Before Income Tax—net income derived from all area operations after direct and other expenses have been deducted from total revenue.
21. Current Assets—assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.
22. Gross Fixed Assets (GFA)—the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.
23. Depreciation—the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.
24. Other Assets—any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.
25. Current Liabilities—liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt—borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of non-payment.
27. Long Term Subordinated Debt—all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.
28. Invested Capital—the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.
29. Retained Earnings (Loss)—cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity—is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.
31. Operating Profit—is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.
32. Utilization—is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.
33. Capital Cost (GFA)/Capacity Ratio—is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.
34. Operating Cost/Capacity Ratio—is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

25. Total Revenue Per Skier Visit—is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.
36. Days/nights of Operation—is measured in “equivalent” days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

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